

Legislative Audit Division

State of Montana



Report to the Legislature

June 1997

Performance Audit Report

Vocational Rehabilitation Program

Department of Public Health and Human Services

This report contains recommendations for improvement of the Montana Vocational Rehabilitation Program. Recommendations include:

- ▶ **Methods to evaluate and increase MVR efficiency and effectiveness.**
- ▶ **Improvement of purchasing procedures.**
- ▶ **Enhancement of organizational controls and determination of program success.**

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96P-04

PERFORMANCE AUDITS

Performance audits conducted by the Legislative Audit Division are designed to assess state government operations. From the audit work, a determination is made as to whether agencies and programs are accomplishing their purposes, and whether they can do so with greater efficiency and economy. In performing the audit work, the audit staff uses audit standards set forth by the United States General Accounting Office.

Members of the performance audit staff hold degrees in disciplines appropriate to the audit process. Areas of expertise include business and public administration, statistics, economics, computer science, communications, and engineering.

Performance audits are performed at the request of the Legislative Audit Committee which is a bicameral and bipartisan standing committee of the Montana Legislature. The committee consists of six members of the Senate and six members of the House of Representatives.

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June 1997

The Legislative Audit Committee
of the Montana State Legislature:

We conducted a performance audit of the Vocational Rehabilitation Program administered by the Department of Health and Human Services. This report contains recommendations which address the processes followed to serve clients from application through case closure, and purchase of goods and services for clients. The report also includes recommendations concerning program organizational controls and success.

We appreciate the cooperation and assistance of department staff during this audit.

Respectfully submitted,

“Signature on File”

Scott A. Seacat
Legislative Auditor

Legislative Audit Division

Performance Audit Report

Vocational Rehabilitation Program

Department of Public Health and Human Services

Members of the audit staff involved in this audit were C. Susan Jensen and Mary Zednick.

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Margaret Williams, Chief, Program Support Bureau, Vocational
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Gail Briese-Zimmer, Chief, Financial Services Bureau
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Appointed and Administrative Officials

Introduction

The Legislative Audit Committee requested a performance audit of the Montana Vocational Rehabilitation Program (MVR) administered by the Department of Health and Human Services (DPHHS). We reviewed two major areas in separate audits - program effectiveness and efficiency and purchasing procedures for clients' goods and services. We combined the results in one report.

Audit Objective

The audits' objectives were to examine various MVR management and purchasing controls to determine program success and/or effectiveness. To make these determinations we addressed the following questions:

1. What types of individuals are served by the MVR Program?
2. What types of goods and services were provided to MVR clients?
3. How does the department ensure vendors provide agreed upon goods and services and purchasing procedures are followed?
4. Are vocational evaluation tests purchased for MVR clients providing counselors with information needed to make reasonable decisions concerning a client's vocational aptitude?
5. How much does DPHHS expend on MVR goods and services?
6. What are the outcomes of the MVR Program?
7. Are organizational controls consistent with the intent of the MVR program?
8. How does the MVR Program monitor its success and/or effectiveness?

We answered these questions by reviewing client files; budget reports; expenditure, funding source and accrual data; policies; procedures; goals and objectives; federal regulations, and interviewing department staff.

Report Summary

Program Eligibility Criteria

The mission of the MVR Program is "Promoting work and independence for Montanans with disabilities." In order to achieve this mission, MVR provides goods and services to people of an employable age with physical or mental disabilities to help them secure and maintain employment. The federal government established 16 years old as an employable age.

An individual is eligible for vocational rehabilitation services if they meet two specific criteria: 1) an individual must **require** vocational rehabilitation services to prepare for, enter, engage in, or retain gainful employment; and 2) the individual must either:

- A. Have a physical or mental impairment which constitutes or results in a substantial impediment to employment, and can benefit in terms of an employment outcome from vocational services: OR
- B. Be blind or have a disability and be eligible to receive Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI). (These individuals are also considered to have severe physical or mental impairments which seriously limit one or more functional capabilities in terms of employment outcomes.

There are no minimum or maximum income requirements to be eligible.

Goods and Services Provided

MVR provides counseling and guidance, vocational evaluation, and vocational placement services without cost to an eligible person. MVR requires rehabilitation services be provided at public cost only to clients found to require financial assistance. Vocational rehabilitation goods and services purchased by MVR include medical diagnosis, vocational evaluation, educational training, occupational tools and equipment, physical and mental restoration, personal assistance, transportation, and post employment services.

Services are delivered by 71.5 FTE located in ten offices across the state and the central office in Helena. The program is funded by state and federal funds. State funds consist of both General Fund and state special revenue. Over 70 percent of fiscal year 1994-95

expenditures were for client benefits and claims. Total expenditures for fiscal year 1994-95 were approximately \$10 million.

Individualized Written Rehabilitation Program Process

Once an applicant is determined eligible for vocational rehabilitation services, an Individualized Written Rehabilitation Program (IWRP) is developed by the vocational rehabilitation counselors in collaboration with the client. The IWRPs essentially outline rehabilitation objectives relating to attainment of the employment goal, and contain a list of specific vocational rehabilitation goods and services to be provided. Both the counselor and the individual receiving services from MVR use the IWRP because it outlines the goals and objectives necessary to lead to an employment outcome.

A client's case can be closed at anytime during the vocational rehabilitation process. For example, a case file can be closed when it is determined the individual is ineligible, refuses services, does not cooperate, is no longer available for services, or has achieved a successful outcome.

Program Efficiency and Effectiveness Could be Increased

During the audit we reviewed the processes counselors follow for determining services needed, providing services, and measuring success. We believe some of these processes could be more efficient and effective.

Policies Need to be Clarified or Written

Prior to the 1992 amendments to the federal Rehabilitation Act of 1973, MVR had a policy manual which was overly detailed. As a result of the 1992 amendments, the MVR staff rewrote the policy manual with emphasis on empowering counselors to allow them to make decisions on their own.

We believe management made the new policy manual too general in some areas. We recommend MVR Program management clarify some existing policies and develop additional policies and procedures related to the IWRP and purchasing to increase the program's efficiency and effectiveness. The department began implementing the recommendations by drafting and implementing a number of policies during the audit. The following identifies issues discussed in the report and resulting program action:

Report Summary

Determining program eligibility within the federally mandated time frame - Federal guidelines require MVR personnel to determine if an individual is eligible within 60 days of application for services. Our review showed 26 of 89 client files sampled did not have eligibility determined with the 60-day requirement. *MVR drafted a policy addressing timeliness of eligibility determinations. Supervisors are required to review all cases which exceed the 60-day eligibility time frame.*

Developing IWRPs in a timely manner - Timely development of IWRPs helps ensure clients receive necessary services promptly and help prepare the individual for achievement of a vocational outcome. MVR had not formally established time lines nor any policy addressing timely development of IWRPs. *MVR wrote a policy which requires the IWRP to be written within six months of application.*

Establishing vocational goals and objectives consistent with an individual's abilities - Vocational goals and objectives should be consistent with the individual's strengths, priorities, concerns, abilities, capabilities, and career interest. MVR policy did not emphasize the importance of a client's strengths, abilities and capabilities. As a result we found instances where client choice took precedence over making an informed choice. *MVR is publishing a policy on this topic to provide guidance to counselors.*

Conducting and/or documenting annual and periodic IWRP reviews - Annual reviews were not always conducted as required. We also found counselors were not documenting periodic reviews of the IWRPs. *MVR management established annual reviews as a priority of case reviews. Management believes the revised IWRP format will lend itself to periodic reviews.*

Amending IWRPs when needed - If significant changes in a client's life affect outlined employment goals, objectives, and/or responsibilities of the client or MVR, the IWRP should be amended. We found 29 percent of the reviewed files did not have needed amendments developed. *MVR management drafted a policy, based on federal regulations, clarifying when amendments are needed.*

Requiring financial summaries and documenting client contributions toward purchases of goods and services - Under the assumption financial information is used to determine client participation in purchasing goods and services, we reviewed financial summary forms in our sampled files. We found financial summary forms were not always completed within one year as required by MVR

Report Summary

management. We also found limited documentation of clients' ability or inability to financially contribute to services or goods purchased by MVR. *MVR revised and strengthened its financial policy and developed policies addressing annual reviews of financial status and need for amendments as appropriate.*

Verifying income reported on the financial summary forms - MVR does not verify income reported by clients on the financial summary form. We found 17 of 80 clients had income greater than the amount reported on the financial summary forms. *MVR indicated they will contact the Department of Labor and Industry to determine if there is a cost effective method to randomly check income levels.*

Requiring student financial aid award letters - Thirty-two clients in our file review attended universities, colleges or vocational schools. We found MVR counselors did not always follow policy by requiring documentation the clients applied for or received financial aid. *MVR now has a policy requiring the financial award letter to be in case files.*

Reviewing providers' cost information to determine fee limits - Initial provider fee limits were established based on cost data. Since then, established fees have not been comprehensively reviewed and limits are modified on a percentage basis every year based on overall legislative increases. *MVR is working with DPHHS's internal auditors who will devise a method to review fee limits during their routine audits of major providers.*

Further Training Needed

DPHHS has an established training program, and counselors received training when the new policy manual was written. We identified areas where additional training would be beneficial. The areas include the policies identified above, eligibility criteria, and development of measurable requirements in the IWRP.

MVR indicated training on the policies, eligibility criteria, and measurable requirements will occur throughout the year.

Report Summary

Review Closed Cases

Once policies are in place and training is complete, central and regional office management should continue to periodically review counselors' work to ensure policies are followed. A number of counselor files are reviewed annually, but most cases are open (active) at the time of review. A review of more closed files would allow management to determine how a counselor is dealing with every aspect of the program, from application to closure to post employment.

MVR drafted a policy so closed cases will represent 60 percent of the files reviewed annually for each counselor.

Organizational Controls Need to be Reviewed

To increase effectiveness, MVR management should review organizational controls which include goals and objectives, management information, and performance measures. Program goals should relate to the mission and purpose of the program. Objectives should relate to the goals and should describe specific and measurable targets, results, or outcomes. Management information should provide a mechanism to gather pertinent information for use in determining whether the program's goals and objectives are met. Management information also allows program staff to develop performance measures which help determine program success.

MVR management indicated their Strategic Plan (written every year to supplement the State Plan written every three years) will contribute to the development of more tangible measurable goals and objectives. They believe the new computer system will help them address their management information needs.

Summary

Audit work showed the MVR Program is meeting its mission of promoting work and independence for Montanans with disabilities. We reviewed 118 eligible client files. Thirty-two (27 percent) were closed after the clients were successfully employed for 60 days and another eight individuals received post-employment services from MVR and were employed for the 60-day requirement. We reviewed employment status of 24 of the 32 successfully closed clients and found 20 of the 24 continued to be employed as of the first quarter

Report Summary

of 1996. In addition, five of the eight clients on post employment continued to be employed as of the first quarter of 1996.

The department began implementing the majority of the recommendations during the audit. We believe the program's efficiency and effectiveness will increase when the recommendations are fully implemented. By increasing the efficiency and effectiveness, the program could increase the number of clients categorized as "closed rehabilitated, successfully employed for at least 60 days."

Chapter I - Introduction

Introduction

The Legislative Audit Committee requested a performance audit of the Montana Vocational Rehabilitation (MVR) Program administered by the Department of Public Health and Human Services (DPHHS). During preliminary planning we identified two major areas to review, program effectiveness and purchasing procedures for clients' goods and services. We conducted audits of both areas and combined the results in one report.

Audit Objectives

The audits' objectives were to examine various MVR controls to determine program success and/or effectiveness and if purchasing procedures ensure MVR clients receive goods and services purchased for them. To make these determinations, we addressed the following questions:

1. What types of individuals are served by the MVR Program?
2. What types of goods and services were provided to MVR clients during fiscal year 1994-95?
3. How does the department ensure vendors provide agreed upon goods and services and purchasing procedures are followed?
4. Are vocational evaluation tests purchased for MVR clients providing counselors with information needed to make reasonable decisions concerning a client's vocational aptitude?
5. How much did DPHHS expend on MVR goods and services for fiscal year 1994-95?
6. What are the outcomes of the MVR Program?
7. Are organization controls consistent with the intent of the MVR Program?
8. How does the MVR Program monitor its success and/or effectiveness?

Chapter I - Introduction

Audit Scope and Methodology

The audits were conducted in accordance with government auditing standards for performance audits. We reviewed the 1992 amendments to the federal Rehabilitation Act of 1973 establishing the vocational rehabilitation program. We also reviewed proposed federal regulations implementing the 1992 amendments. A copy of the most recent State Plan was reviewed. Department policies, procedures, goals, and objectives were obtained and reviewed. These reviews provided us with information and criteria to analyze the program. We also solicited comments from the Vocational Rehabilitation Advisory Council.

We examined a random sample of 150 client files closed in fiscal year 1994-95. At least 34 files were reviewed in each of the four regional offices. During the file review we gathered information pertaining to:

- ▶ Client demographics.
- ▶ Activities occurring from application submission to case closure.
- ▶ Client financial summary information.
- ▶ Goods and services provided and/or purchased for each client.
- ▶ Contributions by MVR clients and other state or federal programs toward cost of goods and services provided by DPHHS.
- ▶ Compliance with department policies.

Client information was gathered during the file review and compared to information on DPHHS's MVR management information system. This procedure was conducted to determine if the information on the system was accurate.

Budget report, expenditure, funding source and accrual data for fiscal years 1992-93 through 1994-95 was gathered to determine DPHHS expenditures for MVR personal services, operating expenses, equipment, and goods and services for clients. We reviewed management information DPHHS compiles to identify types of goods and services provided to clients.

We interviewed staff in the central and regional offices to gather information pertaining to management controls. We also

interviewed MVR staff to determine if vocational evaluation tests conducted by accredited facilities provide information needed to adequately evaluate clients.

We compared information on financial summaries to information from the Department of Labor and Industry, DPHHS, universities, colleges and vocational schools, and State Fund records. These comparisons allowed us to determine if clients correctly reported income sources and amount of income on financial summaries.

For specific closed cases, we accessed the Unemployment Insurance system to determine if people were still employed and to help determine program success.

The department sends surveys to clients to obtain the clients' perception of the program. We reviewed the surveys to analyze how they are used in determining program success.

Compliance

Although we did not specifically review compliance with federal or state regulations, we tested timeliness of determining eligibility and Individualized Written Rehabilitation Program (IWRP) development. The Montana Vocational Rehabilitation Program underwent a State Plan Assurance Review (SPAR) in March 1993. SPAR is a federal review designed to evaluate selected assurances stated in the State Plan. There were no significant findings in the SPAR which related to our audits.

In May 1996, the MVR Program underwent a federal Comprehensive Monitoring and Technical Assistance Review of Section 107 Requirements of the Rehabilitation Act of 1973, as amended. Section 107 requires the federal Rehabilitation Services Administration to conduct annual reviews and periodic on-site monitoring reviews of Title I Vocational Rehabilitation service programs to determine whether the state complies substantially with provisions of its State Plan. Areas of review included:

- ▶ Achievement of employment outcomes.
- ▶ Requirements for informed choice.

Chapter I - Introduction

- ▶ Procedures to identify and service individuals with disabilities from minority backgrounds.
- ▶ Due process hearings.
- ▶ The strategic plan.
- ▶ Consumer satisfaction surveys and other information provided by the State Rehabilitation Advisory Council.
- ▶ Order of selection policies.
- ▶ Timeliness of reports submitted by DPHHS.
- ▶ Financial management which focused on match, carryover, set aside, reallotment, and maintenance of effort requirements.

The federal review of 103 client files focused on:

Employment outcomes - if services provided were necessary, if MVR services contributed significantly to the employment outcome, and if the consumer agreed with the closure.

Individual Written Rehabilitation Programs - were jointly developed with and agreed to by the client, goals, objectives and services were based on client capabilities, and comparable benefits were considered and utilized when available.

Eligibility - eligibility determination was made within 60 days, there was documentation of an existing physical or mental impairment which results in a substantial handicap to employment, the client required MVR services to prepare for, enter, engage in or retain gainful employment, and comprehensive assessments were completed.

Case closure - client was notified of case closure, the Client Assistance Program, and the appeals process.

Our work complemented the federal review in two areas -- timeliness of eligibility determination, and establishing goals, objectives, and services based on a client's capabilities. In both cases the federal review findings and our findings are similar. These issues are discussed in detail in Chapter IV.

Data Limitations

DPHHS maintains a computer system to gather client data. When we compared information in the files to information on the computer system we found inconsistencies in some areas. Some problems were due to the inflexibility of the computer system. For example, the computer would not accept dates on the input forms which were prior to the date the information was actually entered onto the system, so actual application and closure dates could not be entered. Also, if a case was closed before all the bills were paid, the case had to be reopened under another status.

We also found differences between information in the counselor notes and what the counselor wrote on the input form. We found some categories on the input form were completed incorrectly or not always completed.

Because of problems found concerning accuracy of some information on the computer system, we limited the use of DPHHS's computer information in this report. The numbers identified in the report are based on our file review.

A new computer system was installed in July 1996, after we completed the majority of our field work. We sent a memorandum to the department prior to implementation of the new system discussing the inconsistencies we found in the old system. Department staff indicated many of the problems discussed were addressed with the new system.

Management Memorandum

During the course of the audit we presented recommendations to program management which, if implemented, we believe could result in improvements in program efficiency and effectiveness. These memorandums allowed DPHHS to be aware of our audit issues prior to the end of audit work. Department staff agreed with all recommendations discussed in the memorandum.

We also sent a management memorandum to DPHHS containing recommendations which were minor relative to other issues addressed in the report. The memorandum recommended:

Chapter I - Introduction

- ▶ Establishing policy and procedures for assignment of case files in the event a counselor is on vacation, on extended leave of absence, or there is a position vacancy. Written procedures would help ensure supervisors are aware of the need to assign cases when counselors are absent.
- ▶ Developing policies and a system to help counselors identify files that should be closed. Written policies and a formalized system would help ensure files are closed in a timely manner.
- ▶ Developing policies and procedures to help counselors consistently categorize client files at closure.
- ▶ Updating the policy and procedure manual to identify and define policies, current purchasing limits, purchasing forms, and documentation requirements.

MVR management indicated new policies addressing the above recommendations are in draft or final status.

Report Organization

Chapter II provides information about the Montana Vocational Rehabilitation Program's history and answers our first audit objective concerning the types of individuals the program serves. Chapter III provides a summary of program efficiency and effectiveness. Chapter IV discusses the process used to serve clients from application through case closure. Purchases of goods and services are described in Chapter V. Chapter VI summarizes our findings on organizational controls and program success and effectiveness.

Chapter II - Vocational Rehabilitation Background

Introduction

The Montana Vocational Rehabilitation (MVR) Program is located within the Disability Services Division in the Department of Public Health and Human Services (DPHHS). MVR provides services to persons of employable age, with physical or mental disabilities, and helps restore them to gainful employment.

Program History

In 1947, the Montana Legislature created the Division of Vocational Rehabilitation to administer the Vocational Rehabilitation Program established under the federal Social Security Act. The division was responsible for: 1) providing rehabilitation services to the state's physically and mentally handicapped; and 2) performing disability determinations for Social Security disability benefits and supplemental income payments.

By 1965, federal amendments eliminated economic need as a prerequisite for vocational rehabilitation (VR) services. If desired, states could require economic need tests for some services purchased after the person is determined eligible for vocational rehabilitation. When economic need tests are conducted, VR counselors review client financial information to determine if the client has the financial resources to help pay for services VR is purchasing. An example of a service in which a client would participate would be tuition and books for a college education. Montana chose to require an economic needs test.

The most recent change to the Act is the 1992 Rehabilitation Act Amendments. This change made adjustments to the principles, purpose, process, and outcomes of VR programs. The 1992 amendments emphasize the importance of appropriate services and support to people with disabilities to achieve employment outcomes. These amendments require:

- ▶ Assisting an individual to make informed choices concerning potential employment outcomes.
- ▶ Development of an Individual Written Rehabilitation Program (IWRP) with the full participation of the person with the disability.

Chapter II - Vocational Rehabilitation Background

- ▶ Need to match what is outlined in the IWRP with appropriate services and support.
- ▶ Cooperative working relationships with other agencies and programs including local education authorities to coordinate transition services.
- ▶ Emphasizing quality of services provided to persons with a disability.
- ▶ The eligibility decision must focus on use of existing data, and eligibility must be made within 60 days unless mutually agreed upon between the individual and the VR counselor.
- ▶ Establishing the eligibility process as two parts: 1) determine if the person has a disability and 2) determine if the person requires assistance from VR to achieve an employment outcome.

State Plan and State Advisory Council Required

The Rehabilitation Act requires each designated state agency to submit a State Plan every three years. The State Plan is an agreement between the federal government and a state regarding program administration and conduct. In the Montana State Plan, DPHHS commits to maintaining written policies and procedures, and compliance with federal requirements and mandates.

The Rehabilitation Act also requires states to have an advisory council associated with their rehabilitation programs. The Vocational Rehabilitation Advisory Council is associated with the MVR Program. The purpose of the Advisory Council is to advise the administrator of the MVR Program concerning policy and program issues, delivery of services to consumers, and methods for reaching potential consumers. Council functions include reviewing, analyzing, and advising the MVR Program relative to implementation of both state and federal statutes which affect provisions of rehabilitation services to persons with disabilities. The council consists of 17 people who either have disabilities, represent disabled groups, represent the business community, or have an interest in disability issues. Council members are appointed by the Governor, serve a term of not more than three years, and may not serve more than two consecutive terms.

Chapter II - Vocational Rehabilitation Background

Advice Sought From Associated Groups

In addition to the Council, MVR staff seek advice from many different groups and agencies. MVR works closely with the Client Assistance Program, Council of State Administrators of Vocational Rehabilitation, Job Training Partnership Act Private Industry Councils, Social Security district offices, and the Disability Determination Unit. It is also the responsibility of regional MVR offices to coordinate with local community rehabilitation programs, parents' groups, school district personnel, and private businesses.

Program Eligibility Criteria

The mission of the MVR Program is "Promoting work and independence for Montanans with disabilities." In order to achieve this mission, MVR provides goods and services to people of an employable age with physical or mental disabilities to help them secure and maintain employment. The federal government established 16 years old as an employable age.

An individual is eligible for VR services if they meet two specific criteria: 1) an individual must **require** vocational rehabilitation services to prepare for, enter, engage in, or retain gainful employment; and 2) the individual must either:

- A. Have a physical or mental impairment which constitutes or results in a substantial impediment to employment, and can benefit in terms of an employment outcome from vocational services; OR
- B. Be blind or have a disability and be eligible to receive Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI). (These individuals are also considered to have severe physical or mental impairments which seriously limit one or more functional capacities in terms of employment outcomes.)

There are no minimum or maximum income requirements to be eligible.

Chapter II - Vocational Rehabilitation Background

Goods and Services Provided Vary

MVR provides counseling and guidance, vocational evaluation, and vocational placement services without cost to an eligible person. In addition, MVR may pay the cost of other vocational rehabilitation goods and services for an eligible person in financial need.

Vocational rehabilitation goods and services purchased by MVR include:

Medical diagnosis - medical and psychological records, exams, and evaluations.

Vocational evaluation - assessment of eligibility and vocational rehabilitation needs.

Rehabilitation training - personal and vocational adjustment training including job coaching, work adjustment training, transitional employment services, and orientation and mobility services for the blind.

Educational training - college, vocational education and trade school tuition, books and supplies, tutoring, interpreter services for the deaf, and reader services for the blind.

Vocational placement - job finding, employer contact and negotiation, job accommodation, and job placement.

Occupational licenses - professional licenses such as electrical, plumbing, nursing, cosmetology, and teacher exams and certificates.

Occupational tools and equipment - mechanic tools, cosmetology supplies, computer equipment and supplies, and other equipment and supplies for self-employment.

Rehabilitation technology services - assistive technology devices including telecommunication, sensory, and other technological aids and equipment.

Physical and mental restoration - corrective surgery or therapeutic treatment, prosthetic and orthotic devices, eye exams and eye glasses, ear exams and hearing aids, dental exams and dental work,

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transplantation and dialysis, and diagnosis and treatment for mental and emotional disorders.

Personal assistance - personal care attendant services.

Family services - any necessary services for family members in support of the client's rehabilitation including day care and respite care.

Maintenance - additional costs incurred while participating in rehabilitation such as clothing, hair cuts, living expenses, and food and lodging if travel is needed for evaluation.

Transportation - gas, vehicle repairs and modification, vehicle insurance, parking permits, bus passes, and moving expenses.

Post-employment services - services after successful job placement for the purpose of maintaining employment.

Specialized Services Provided to Individuals Not Able to Enter Competitive Employment

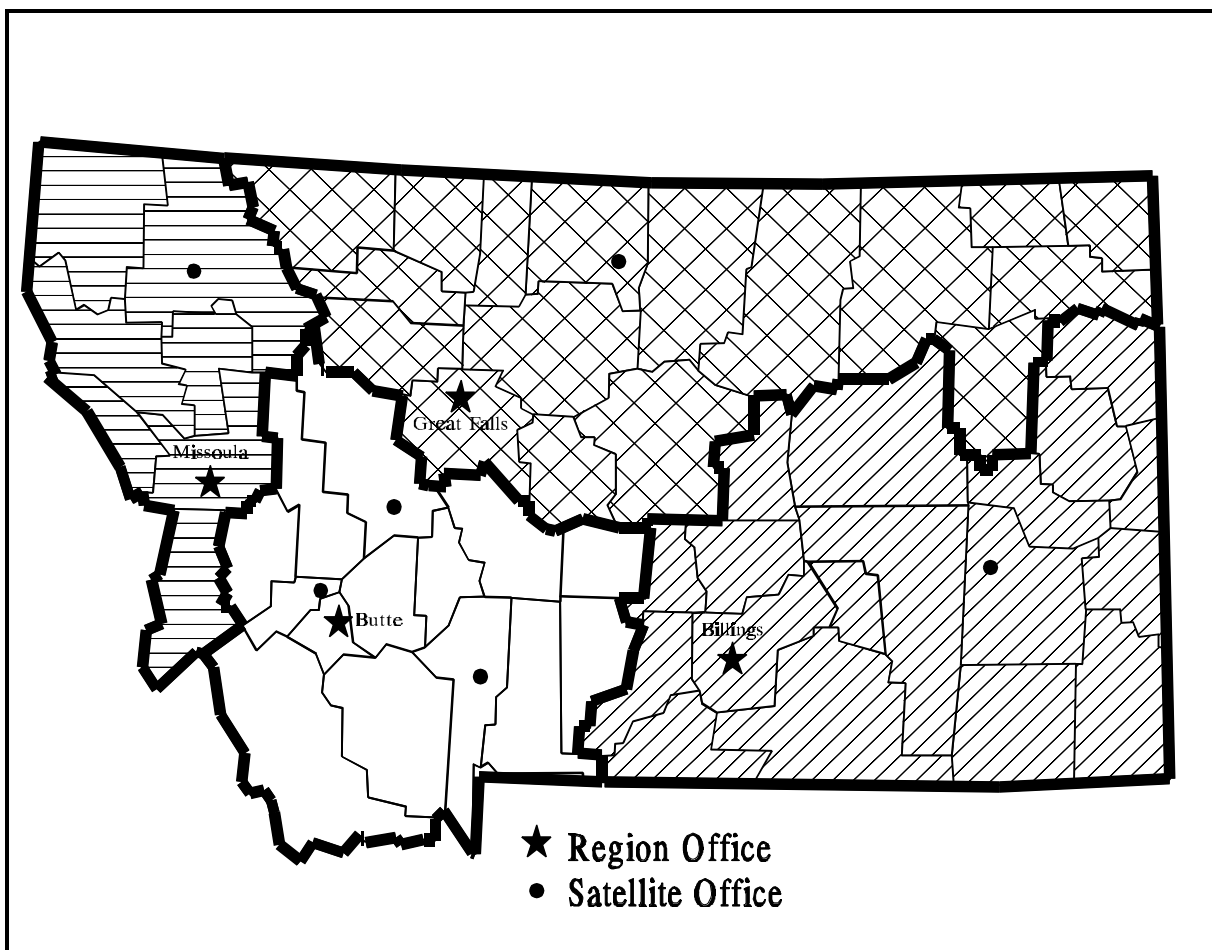
For those clients not able to enter competitive employment, MVR can also provide independent living, supported employment, and extended employment services. Independent living services include making housing handicapped accessible, services for daily living activities (cooking, cleaning, shopping), and transportation services. Supported employment is for individuals with severe disabilities who traditionally have been unable to enter competitive employment because of an impediment, or competitive employment was interrupted as a result of a severe disability. Supported employment does not require the client receive minimum wage. However, the person must be paid wages on a basis consistent with wages paid to non-disabled workers with similar job functions. Extended services are ongoing support services, such as job coaching, which is needed to support and maintain a person with a severe disability receiving supported employment.

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Services Delivered from Regional Offices

Services are delivered to clients from ten offices across the state. The following map identifies the four vocational rehabilitation regions in Missoula, Great Falls, Butte, and Billings, and the satellite offices in Kalispell, Havre, Warm Springs, Bozeman, Helena, and Miles City.

Figure 1
Montana Vocational Rehabilitation Regions



Source: Compiled by the Legislative Audit Division from MVR records.

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Program Staffing

Counselors comprise the majority of full-time equivalents (FTE) in the region offices. Each area has a Regional Administrator overseeing region staff. The other management positions are located in the Helena central office. Table 1 identifies the breakdown of staff in the Helena central office and the four regions.

Table 1
Vocational Rehabilitation FTE Distribution
(Fiscal Year 1994-95)

Office/Region	Management*	Counselors**	Administrative Support	Total
Central Office	6.75	0.00	2.00	8.75
Great Falls Region	1.00	7.50	4.50	13.00
Butte Region	1.00	9.50	5.00	15.50
Missoula Region	1.00	9.50	5.75	16.25
Billings Region	1.00	11.50	5.50	18.00
Total MVR Staff	10.75	38.00	22.75	71.50
* The management column represents all program officers in Helena and regional administrators.				
** The counselors column includes counselor supervisors since they carry a client caseload.				

Source: Compiled by the Legislative Audit Division from MVR records.

Program Funding and Expenditures

MVR is funded by state and federal funds. State funds consist of both General Fund and state special revenue. Table 2 identifies MVR funding sources and expenditures for state fiscal years 1992-93 through 1994-95.

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Table 2
MVR Program Funding Sources and Expenditures
(Fiscal Years 1992-93 through 1994-95)

Fund Sources	1992-93	1993-94	1994-95
Federal	\$7,547,960	\$ 8,177,204	\$ 7,827,277
State General	1,304,241	1,817,486	1,978,983
State Special	645,875	340,960	200,266
Total Expenditures	\$9,498,076	\$10,335,650	\$10,006,526

Source: Compiled by the Legislative Audit Division from MVR records.

State special revenue funds declined over the three fiscal years due to switching funding from the Workers' Compensation Industrial Accident Rehabilitation Account to state General Fund.

Majority of Expenditures for Client Benefits and Claims

Over 70 percent of fiscal year 1994-95 expenditures were for client benefits and claims. Table 3 shows total expenditures for the MVR Program for fiscal year 1994-95 by area of expenditure.

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Table 3
MVR Expenditures by Category
(Fiscal Year 1994-95)

Category	Amount	Percentage of Total
Personal Services	\$ 2,244,694	22.4
Operating Expenses	411,875	4.1
Equipment and Intangible Assets	27,520	0.3
Benefits and Claims	7,322,436	73.2
Total Expenditures:	\$10,006,525	100.00

Source: **Compiled by the Legislative Audit Division from Statewide Budgeting and Accounting System records.**

Federal Section 110 funds, which require a 21.3 percent state match, fund the majority of program administration and benefit costs. Other MVR federal funding sources include Supported Employment, Job Training Partnership Act (JTPA), Independent Living (90 percent federal), Migrant and Seasonal Farm Worker, and MonTech funds. State funding includes General Fund for Extended Employment (100 percent) and Independent Living (10 percent), and state special revenue for Workers' Compensation.

The funds are used to provide different types of goods and services to clients. The following lists the funds and their uses:

Section 110 - vocational evaluations, counseling and guidance, training and education support, physical and mental restoration, job placement, and post-employment services.

Supported Employment - time limited support services to people with severe disabilities.

JTPA - training clients over age 22.

Chapter II - Vocational Rehabilitation Background

Extended Employment - long-term job support for severely disabled people who work in sheltered or supported employment.

Workers' Compensation - Workers' Compensation cases that are also MVR clients.

Independent Living - helps support disabled people to allow them to maintain independent living situations.

Migrant and Seasonal Farm Worker - provides support to disabled migrant and seasonal workers.

MonTech - funding for a contract to provide information and referral services as well as purchase technology-related devices for people with disabilities.

Table 4 represents expenditures for benefits and claims for clients by type of funding source for fiscal year 1994-95.

Table 4
MVR Benefits and Claims Expenditures for Goods and Services Purchased
(Fiscal Year 1994-95)

Funding Source	Total Expenditures	Percent of Total	Federal Funds	State Funds	Federal/State Percentage
Section 110	\$4,918,366	68	\$3,870,754	\$1,047,612	78/21
Supported Employment	297,421	4	297,421	0	100/0
JTPA	253,665	3	253,665	0	100/0
Extended Employment	487,783	7	0	487,783	0/100
Workers' Compensation	96,957	1	0	96,957	0/100
Subtotal Benefit Expenditures	6,054,192	83	4,421,840	1,632,352	73/27
Other funds: MonTech, Independent Living, Migrant	1,268,244	17	1,142,596	125,648	90/10
Total Benefits Expenditures	\$7,322,436	100	5,564,436	1,758,000	76/24

Source: Compiled by the Legislative Audit Division from Statewide Budgeting and Accounting System records.

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The other funds, such as MonTech, Independent Living, and Migrant and Seasonal Farm Workers, can be utilized by any person with disabilities, not just MVR clients.

Types of Sampled Clients Served by Montana Vocational Rehabilitation Program

We compiled client demographics from a random sample of 150 client files. The files reviewed were cases closed in fiscal year 1994-95. The following sections provide client information gathered during the file review.

Applicant Gender and Age

Our sample of 150 files were comprised of 90 males and 60 females. The individual ages ranged from 17 to 70 years with the majority being between 21 and 40. Table 5 identifies the number of individuals in our sample in six age groups.

Table 5
Age of Applicant Sample Receiving MVR Services

Age Group	Number in Sample	Percentage of Sample
17-20	16	11
21-30	41	27
31-40	47	32
41-50	32	21
51-60	12	8
61-70	2	1
Total	150	100

Source: Compiled by the Legislative Audit Division from MVR records.

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Occupation at Last Employment

If provided on the application, we gathered the applicant's last occupation prior to applying for VR services. Based upon input from the Montana Department of Labor and Industry, we separated occupations into six categories.

Service - Janitors, nurses, waitresses., etc.

Clerical - Clerks, cashiers, etc.

Trade - Meat cutters, electrical helpers, construction workers, etc.

Agriculture - Forest service, orchard caretakers, ranch hands, etc.

Student - Someone in high school.

Unemployed

Most applicants come from service industries. Table 6 shows the applicants' occupation prior to applying for VR services.

Table 6
Last Held Occupation of Sampled MVR Applicants

Occupation	Percentage of Sample
Service	51
Clerical	9
Trade	25
Agriculture	4
Student	1
Unemployed	10

Source: Compiled by the Legislative Audit Division from MVR records.

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Major Disability of Clients

A major disability is the physical or mental condition, impairment, or disease most responsible for an individual's work limitation. Three-fourths of the applicants sampled listed either orthopedic impairments or mental and emotional conditions as their major disability. Table 7 shows the major disabilities reported by applicants.

Table 7
Major Disability of MVR Applicants

Major Disability	Percentage of Sample
Orthopedic impairments (except amputations) such as back injuries, cerebral palsy, arthritis & rheumatism, muscular dystrophy, multiple sclerosis, Parkinson's disease, etc.	41
Mental and emotional conditions such as psychosis, neurosis, alcohol abuse, mental retardation, autism.	34
Leukemia, asthma, diabetes, cystic fibrosis, epilepsy, congenital heart disease, tuberculosis, emphysema, etc.	13
Deaf and/or Blind	4
Traumatic brain injury	4
Absence or amputation of a limb or extremity	2
Not listed	2

Source: Compiled by the Legislative Audit Division from MVR records.

Average Length of Time Receiving Services from MVR

We documented the length of time a client received services from the MVR Program. The time began with the application date and ended with closure date. The range of time varied from eight days to almost seven years. About 70 percent of the individuals received

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services for less than two years. Table 8 shows the length of time individuals received services.

Table 8
Length of Time Receiving MVR Services

Year(s) Received Services	Percentage of Sample
0 - 1	51
1 - 2yr.	21
2 - 3 yr.	11
3 - 4 yr.	11
4 - 5 yr.	2
5 - 6 yr.	4

Source: Compiled by the Legislative Audit Division from MVR records.

Chapter III - Program Efficiency and Effectiveness Could be Increased

Introduction

The goal of the Montana Vocational Rehabilitation (MVR) Program is to promote work and independence for Montanans with disabilities. To accomplish this mission, MVR provides services to people of an employable age with physical or mental disabilities to help them secure and maintain employment. Services range from guidance and counseling supplied by MVR staff to a college or university education.

Overall, we believe the MVR Program meets its mission of promoting work and independence for Montanans with disabilities. We reviewed 118 eligible client files. Thirty-two (27 percent) were closed after the clients were successfully employed for 60 days and another eight individuals received post employment services from MVR and were employed for the 60 day requirement. We reviewed employment status of 24 of the 32 successfully closed clients (the other eight clients were homemakers, self-employed, or left the state). We found 20 of the 24 clients (83 percent) continued to be employed as of the first quarter of 1996. In addition, five of the eight clients on post employment continued to be employed as of the first quarter of 1996.

During the audit we reviewed the processes counselors follow for determining services needed, providing services, and measuring success. We believe some of these processes could be more efficient and effective. This chapter addresses the underlying causes for some of the concerns identified during audit work. Chapters IV, V, and VI discuss our findings in greater detail.

Policies Need to be Clarified or Written

Prior to the 1992 Amendments to the Rehabilitation Act of 1973, MVR had a policy manual which was overly detailed. As a result of the 1992 amendments, the MVR staff rewrote the policy manual with emphasis on empowering counselors to allow them to make decisions on their own. We believe management made the new policy manual too general.

Clarifying some existing policies and developing additional policies and procedures related to the Individual Written Rehabilitation Program (IWRP) and purchasing would increase the program's

Chapter III - Program Efficiency and Effectiveness Could be Increased

efficiency and effectiveness. The following areas were identified as needing policies and/or clarification:

- ▶ Timely IWRP development (write a policy).
- ▶ Vocational goals and objectives consistent with individual's abilities (clarify policy).
- ▶ Annual and/or periodic IWRP review (clarify policy).
- ▶ Amendments to IWRPs (clarify policy).
- ▶ Review of cost information for providers (write a policy).

Counselors are required to make critical decisions which affect a client's future. The end result of these decisions reflect the MVR Program's efficiency and effectiveness. Defined policies provide counselors the guidance needed to make decisions. Limited policies in the above areas contributed to the inconsistencies and problems we discuss in Chapters IV and V.

Additional Controls Need to be Implemented

Once policies are established, additional controls will ensure decisions are consistent and measure counselors' and program performance. These controls include training and supervisory review of closed files.

Further Training Needed

DPHHS has an established training program, and counselors received training when the new policy manual was written, but we identified areas where additional training would be beneficial. Counselors should be trained on the policies we identified above, and in the areas of eligibility criteria and development of measurable requirements in the IWRPs. Training would help ensure counselors' decisions are made within the boundaries of the new policies and are consistent.

Review Closed Cases

Once policies are in place and training is complete, central and regional office management should continue to periodically review counselors' work to ensure policies are followed. Counselors average 100 to 120 open files at any point in time. Regional Administrators annually review a random sample of 15 client files assigned to each counselor. Results of the file review are used in the counselor's yearly performance evaluation. Central office management annually review an additional random sample of 15

Chapter III - Program Efficiency and Effectiveness Could be Increased

files in each office. The office's 15 files are used to evaluate the overall performance of the office and ultimately the program.

The majority of files reviewed at both levels are open (active) cases. Very few closed files are evaluated. By only looking at open cases, MVR management cannot obtain a complete picture of a counselor's or office's performance. A review of more closed files would allow management to determine how a counselor is dealing with every aspect of the program, from application to closure and post employment. If problems are found during the review, management can then develop the necessary supervisory guidance and/or training to alleviate the identified problems.

Organizational Controls Need to be Reviewed

The above issues deal with specific processes of the MVR Program. Implementing the recommendations in Chapters IV and V, which address the above issues, would help increase program efficiency. To increase effectiveness, MVR management should review organizational controls which include goals and objectives, management information, and performance measures.

The MVR Program goals and management information are driven primarily by federal funding requirements and number of cases closed when a person is considered successfully rehabilitated (working for 60 days). Current goals are numbers derived from past history and include generalized "value" statements. MVR management information is based on federal reporting requirements. Neither of these approaches help MVR management to measure overall program effectiveness. Program goals should relate to the mission and purpose of the program. Objectives should relate to the goals and should describe specific and measurable targets, results, or outcomes. Management information should provide a mechanism to gather pertinent information for use in determining whether the program's goals and objectives are met.

Management information also allows program staff to develop performance measures which help determine program success. Overall, performance measures can help evaluate, fine tune, and improve program operations and assist management in planning for the future. Because MVR is primarily driven by federal funding,

Chapter III - Program Efficiency and Effectiveness Could be Increased

management has not identified the development of performance measures as a priority for the program's operations. Overall, we believe the MVR Program could be more effective by implementing more specific organizational controls. Our specific recommendations are discussed in Chapter VI.

Summary

Audit work showed the MVR Program is meeting its mission of promoting work and independence for Montanans with disabilities. The department began implementing the majority of the recommendations in the following three chapters during the audit. We believe the program's efficiency and effectiveness will increase when the recommendations are fully implemented. By increasing the efficiency and effectiveness, the program could increase the number of clients categorized as "closed rehabilitated, employed successfully for at least 60 days."

Chapter IV - Montana Vocational Rehabilitation Process

Introduction

This chapter summarizes the steps individuals follow when they apply for and receive vocational rehabilitation services. The following sections discuss the application and eligibility processes, financial summary completion, and income verification. Also discussed is the development, revision, and review of the Individualized Written Rehabilitation Program (IWRP). Finally, we discuss the process staff follow for closing case files. Throughout the chapter we explain our audit findings and recommendations for improvements to the MVR Program.

Applications for Services Completed

The fundamental purpose of the MVR Program is to provide vocational rehabilitation services to disabled individuals so they may prepare for, achieve, and retain an employment outcome. An individual can be referred to MVR from a variety of sources including:

- ▶ Family
- ▶ Friends
- ▶ Federal agencies such as Social Security and Veterans Administration
- ▶ Public and private mental health centers
- ▶ Other state agencies such as Job Service and Workers' Compensation
- ▶ Schools
- ▶ Public and private rehabilitation centers
- ▶ Doctors
- ▶ Lawyers

Individuals must complete an application which requests information including name, address, referral source, other agencies the individual may be working with, the individual's disability(ies), type of medical/psychological treatment the individual has received, work history, and educational background. At the time an application is completed, the individual also completes a financial summary which identifies family size, as well as income and expense sources and amounts.

Chapter IV - Montana Vocational Rehabilitation Process

Eligibility Determined

Federal rules state no applicant can be excluded or found ineligible strictly because of: 1) a certain type of disability, 2) needs or anticipated cost of services required, or 3) the income level of an applicant or an applicant's family. MVR staff evaluate and determine eligibility using the information on the application, medical records, and federal guidelines. Federal guidelines include the following basic requirements:

- ▶ A qualified person concludes the applicant has a physical or mental impairment.
- ▶ The applicant's physical or mental impairment constitutes or results in a substantial impairment to employment.
- ▶ The applicant can benefit in terms of an employment outcome from MVR services.
- ▶ The applicant requires MVR services to prepare for, enter, engage in, or retain gainful employment consistent with the applicant's strengths, resources, priorities, concerns, abilities, capabilities, and informed choice.

To determine the applicant's physical or mental impairment, counselors review existing medical and/or psychological reports. If there are no existing reports for review, MVR has necessary tests completed by the client's choice of provider to determine the individual's disability and/or capabilities.

Ensure Eligibility is Determined and Documented Consistent with Federal Eligibility Requirements

It is the responsibility of the vocational rehabilitation counselors to determine eligibility for vocational rehabilitation services and adequately document that decision. Results of our audit work found cases where MVR counselors did not determine eligibility consistently with federal eligibility requirements or did not document their decisions. For example:

- ▶ In August 1995, an individual missing a limb requested help from MVR to fund a two-year training program. The counselor determined this person was not eligible for services because "The individual's limitations did not cause a substantial impediment to employment." The individual was seasonally employed doing ranch work, so the counselor

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concluded the person's disability did not prevent him from working.

- ▶ An individual with a back injury applied for services from MVR. This individual was employed, yet wanted to become more "self-sufficient" and requested MVR help to start his own business. The individual was determined eligible for services.

Audit work found instances of inconsistent application of federal eligibility requirements involving services to transitioning students. Federal rule defines a transitioning student as a student eligible to receive vocational rehabilitation services and is receiving transition services.

"Transition services are a coordinated set of activities for a student designed within an outcome oriented process which promotes movement from school to post school activities, including post secondary education, vocational training, integrated employment (including supported employment), continuing and adult education, adult services, independent living, or community participation."

The primary role of transition services is one of planning for the student's years after leaving high school.

File review identified an applicant who applied for services in October 1994 and was denied transition services from MVR. The counselor decided the applicant was ineligible for transition services because he/she had seven months of high school remaining. At the same regional office, as well as at other regional offices visited, transition services were provided to students currently in high school.

Controls Needed to Ensure Consistent Application of Requirements and Proper Documentation

Based upon interviews with MVR management, authority for most decisions, including eligibility, is given directly to the individual counselors. Audit work identified limited controls ensuring decisions are consistent with federal requirements or are properly documented. Without adequate supervisory review and training, inconsistent application of federal requirements as identified during our file review could result. Supervisory review of a sample of

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closed ineligible files and training for counselors will help ensure consistent determination and proper documentation. Supervisory reviews help identify inconsistencies and determine strengths and weaknesses. Training provides staff with the framework necessary to consistently determine eligibility.

Program Action: Policy Drafted and Training Planned

MVR established a draft policy which defines consultation and inventorying levels of counselors, peers and supervisors in case closure rational and eligibility determination. A draft policy has been developed outlining numbers of closed files to be annually reviewed. Training to address this recommendation will be included in MVR's annual eligibility threshold training.

Recommendation #1

We recommend Montana Vocational Rehabilitation Program management:

- A. Complete supervisory reviews of a sample of closed files, including those closed because the applicant was determined ineligible.**
- B. Train staff on eligibility criteria to ensure consistent application of federal requirements and proper documentation.**

60-Day Eligibility Requirement

Federal guidelines require MVR personnel to determine if an individual is eligible or ineligible within 60 days of application for services. The 60-day regulation is designed to avoid unnecessary delays in clients receiving services. Regulations provide for exceptions to the 60-day requirement in the event there are unforeseen circumstances beyond the agency's control. If there are unforeseen circumstances, it is the counselor's responsibility to document the need for an extension of time, then place the individual in an extended evaluation status which may not exceed 18 months. Federal rule further stresses the importance for states to make "good faith efforts" to obtain necessary information to determine eligibility as quickly as possible. The 60-day requirement became effective in November 1993.

Chapter IV - Montana Vocational Rehabilitation Process

Of the 150 files reviewed, 91 applications were submitted on or after November 1993. We tested these applications to evaluate if MVR counselors determined eligibility within the federal 60-day requirement. If a file contained documentation of an unforeseen circumstance, such as a delay in obtaining necessary reports, the file was excluded from our review. We excluded two files in our sample. Results of our review showed 26 of 89 (30 percent) client files sampled did not have eligibility determined within the 60-day federal requirement. Table 9 provides results of our testing.

Table 9
Time Frame for Determining MVR Eligibility

Time Frame	Number of Applicants	Percent of Sample
60 days or less	63	71
Greater than 60 days	26	29
Total	89	100

Source: **Compiled by the Legislative Audit Division
from MVR records.**

The recent federal review of MVR also identified instances of non-compliance with the 60-day requirement.

As mentioned previously, we identified discrepancies with the MVR information system in place during the time the above individuals submitted their applications. Some of the noncompliance identified above may have resulted from the system not providing management with accurate monitoring information. Reports supervisors used to determine the length of time from application to eligibility determination were not based on application date but rather on the date the information was input into the system.

MVR should ensure the new computer system provides staff with the information necessary to ascertain if clients are determined

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eligible or ineligible within the appropriate time lines. This information will ultimately result in clients receiving applicable services in a timely manner.

Program Action: Cases Exceeding 60 Days to be Reviewed

MVR drafted a policy addressing timeliness of eligibility determinations. This policy will require supervisory review of all cases which exceed the 60-day eligibility time frame. MVR also indicated training is being planned to assure compliance.

Recommendation #2

We recommend Montana Vocational Rehabilitation Program management provide staff with information to help ensure compliance with the federal 60-day time frame for eligibility determination.

Individualized Written Rehabilitation Program Process

Once an applicant is determined eligible for vocational rehabilitation services, an Individualized Written Rehabilitation Program (IWRP) is developed. The IWRP is developed by vocational rehabilitation counselors in collaboration with the client. The 1992 Amendments to the Rehabilitation Act emphasize the following requirements specific to an IWRP:

- ▶ The IWRP must be developed with reasonable long-term vocational goals, and contain specific and measurable rehabilitation objectives.
- ▶ The vocational goals and objectives outlined in the IWRP must lead to an employment outcome consistent with an individual's strengths, priorities, concerns, abilities, capabilities, and career interests.
- ▶ The IWRP must provide individuals the necessary information to make an informed choice concerning specific goods and services, including the providers of goods and services.

MVR policy further requires an IWRP to:

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- ▶ Outline rehabilitation objectives relating to attainment of the employment goal, including objective criteria and an assessment procedure to determine whether goals and objectives are achieved.
- ▶ Contain a list of specific vocational rehabilitation goods and services to be provided, and projected dates for the initiation and duration of each good and service.
- ▶ Be periodically reviewed to determine whether goals and objectives are met and if services accomplish the outlined objectives.
- ▶ Be reviewed annually. At which time, if necessary, an amendment or revision to the program may result.
- ▶ Be amended or revised anytime there is a significant change in the individual's financial status or life circumstance.

Both the counselor and the individual receiving services from MVR use the IWRP because it outlines the goals and objectives necessary to lead to an employment outcome.

Conclusion: IWRPs Designed with Employment Outcomes

According to federal and state guidelines, each IWRP must be designed to achieve an employment objective consistent with the strengths, resources, priorities, concerns, abilities, and capabilities of the individual. We found all applicable IWRPs reviewed were designed with employment as the outcome. Examples of employment outcomes included occupations such as a clothes hanger at a sheltered workshop, a fast food worker, an administrative support person for a state agency, a licensed practical nurse, and a teacher.

Timely Development of IWRPs Important

Timely development of IWRPs helps ensure clients receive necessary services promptly and help prepare the individual for achievement of a vocational outcome. According to federal rule, the program's intent is that clients receive services as "quickly as possible" and it is important for vocational rehabilitation programs to "guard against delays in the development of the IWRP once an individual is determined eligible for services."

File review identified delays associated with development of IWRPs once eligibility was determined. Of the 150 case files reviewed, 85

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had initial IWRPs which we evaluated to determine if they were developed in a timely manner. If the counselor's notes documented reasons justifying a delay in development of an IWRP, such as waiting for results of testing, we excluded those IWRPs from our evaluation. We calculated the time to develop an IWRP by using the date eligibility was determined and the date of the initial IWRP. We were able to evaluate 83 of the 85 IWRPs for timely development. Two IWRPs were excluded from the evaluation because we were unable to verify the dates the IWRPs were initially written. Our review of the 83 IWRPs found it took counselors two months or less to develop 45 of the 83 IWRPs (54 percent). It took counselors two months to more than one year to develop 38 of the 83 IWRPs (46 percent). Table 10 shows the length of time it took to develop IWRPs in our sample.

Table 10
Length of Time to Develop IWRPs

Time Frame	Number of Files	Percent of Sample
2 months or Less	45	54
2.1 months - 6 mos.	29	35
6.1 months - 1 year	7	8
Greater than 1 year	2	3
TOTAL	83	100

Source: Compiled by Legislative Audit Division from MVR records.

Federal rules indicate time lines for development of IWRPs should operate as guidelines and should be consistent with legislative intent. MVR management has not formally established any time lines nor any policy to address timely development of IWRPs. Discussions with management indicated IWRPs should be developed in two months but this policy has not been formally developed or communicated to staff.

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Although there is no policy addressing timely development, supervisors review counselor files to determine if IWRPs are developed in a timely manner. Supervisors evaluate timeliness of IWRP development using the definition of timely manner in appendix D of the MVR policy manual. Appendix D defines timely manner as “. . .the point of reference in that the case narrative must demonstrate the individual was either actively engaged in case activity, waiting for reasonable lengths of time for scheduled appointments, or jointly focused with the counselor on an anticipated training schedule (i.e., preparing for a spring semester).” “Timely manner” and “reasonable lengths of time” are not clearly defined, leaving the definitions open to individual interpretation by all staff. Without controls in place to ensure IWRPs are developed and implemented in a timely manner, there is limited assurance services are provided as “quickly as possible” to clients.

MVR management should develop time lines to address prompt development of IWRPs. Once time lines are established, policy should be written. Policy can help ensure clients receive services promptly and allows supervisors to evaluate timeliness against an established standard.

Program Action: *Time Frames Established*

MVR wrote a policy which requires the IWRP to be written within six months of application. If the client and supervisor agree an extension of time is warranted, the rationale shall be documented. All files without an IWRP six months after application will be reviewed by regional management.

Recommendation #3

We recommend Montana Vocational Rehabilitation Program management establish and implement time lines for development of IWRPs.

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Reasonable Objectives and Measurable Requirements Are Important

Federal guidelines require the IWRP contain specific rehabilitation objectives to attain the individual's long-term vocational goal. In addition, MVR policy requires the IWRP to have reasonable objectives and measurable requirements. Both the counselor and the client develop these objectives and requirements to ensure everyone understands their respective responsibilities.

Conclusion: Objectives Appeared Reasonable

An objective must answer the question what does this person want to accomplish? According to MVR policy the IWRP must be designed to achieve the employment objective of the individual. Evaluation of the objectives in the IWRPs sampled found all objectives appeared reasonable. Examples of objectives in files we reviewed included:

- ▶ To do work on own.
- ▶ To become a mill worker.
- ▶ To obtain a degree in counseling.

Requirements Should be Specific and Measurable

We then evaluated the requirements or steps developed by the counselors and clients to determine if the requirements were specific and measurable. Measurable requirements provide the direction necessary to achieve an objective outlined in the IWRP. Measurable requirements also outline the client's and counselor's responsibilities for attaining the objective. For example, if an established objective is to obtain a college education, measurable requirements could be to maintain adequate attendance, maintain a B grade point average, provide the counselor with copies of grades, and maintain contact with the counselor quarterly or on a semester basis.

File review found 11 of 85 IWRPs (12.9 percent) did not have measurable requirements outlined in the IWRP. For example, an IWRP developed in 1994 identified an objective to alleviate depression, in hopes of obtaining an employment outcome. The requirements stated the individual was to maintain contact with the counselor, yet nothing quantitatively outlined how the counselor would measure the outcome. We identified another IWRP developed in 1994 with the main objective to increase self-sufficiency and independence. The requirements were for MVR to provide guidance and counseling, yet MVR provided funding for

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computer software and hardware to start the individual's own business. The requirements were not specific to what MVR actually did and also did not establish a level or measurement of achievement.

Discussion with program staff indicated it is difficult to write measurable requirements. Management said there should be on-going training addressing development of measurable requirements in the IWRP. To ensure training is effective and policy is followed, management should review a sample of IWRPs.

Program Action: *IWRP and Case Review Form Revised*

MVR revised both the IWRP and the case review instrument to focus the counselor more accurately in terms of developing "measurable" performance criteria for evaluating the IWRP and goals.

Recommendation #4

We recommend Montana Vocational Rehabilitation Program management ensure counselors:

- A. Receive appropriate training for development of measurable requirements.**
- B. Develop measurable requirements by reviewing IWRPs.**

Ensure Vocational Goals and Objectives are Consistent with Abilities

Federal rule requires an individual to make an informed choice regarding selection of his/her vocational goals and objectives. In addition, federal regulations require the goals and objectives be consistent with the individual's strengths, priorities, concerns, abilities, capabilities, and career interest. State policy requires each counselor ". . . to respect the client as an individual who has the right and responsibility to participate in all decisions regarding his or her vocational future." MVR staff and management interpret this to mean the major emphasis of the program is the individual's choice, i.e., the choice of an individual is primary. Counselors indicated if an individual is eligible for services with MVR, it is

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usually MVR's responsibility to provide the services the individual requests.

File review verified client choice has taken precedence over making informed choice. In 12 of 76 files (15.8 percent) we found individuals received training and/or services which were not consistent with their abilities as determined by evaluations and vocational testing. For example, MVR paid for four years of higher education, beginning in 1992, for an individual to become a counselor. The initial psychological evaluation identified concerns with this type of occupation. Throughout the years this client received MVR services, staff identified concerns with the occupation choice. A short time after the individual obtained employment as a counselor it was discovered by the employer the individual was incapable of fulfilling responsibilities of the position. The individual was terminated from employment.

Another individual applied for MVR services in early 1993 and was determined eligible. Vocational testing showed the individual did not have the functional capacity to fulfill responsibilities of the chosen profession. MVR staff also documented concerns with the ability of the client to obtain employment upon completion of the training. According to the counselor, since the client had already paid for the first year of training on his own, MVR paid for his second year of training. Upon completion of the training program, it was evident to both the individual and MVR the client was unable to enter the career planned for by the client, and endorsed and purchased by MVR.

Counselor's Responsibility to Help Individual Make Informed Choices

The position description for a rehabilitation counselor requires a counselor to be knowledgeable of the principles and techniques of vocational evaluation, guidance, counseling, and job placement. It is the counselor's responsibility to evaluate an individual's strengths and abilities to help the individual make informed choices as to his or her vocational goals, objectives and finally an employment outcome. For example, the counselor should provide the client career choices which coincide with the client's strengths. A client may benefit from a two-year training course rather than a four-year training program, or on-the-job training may be more realistic for

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the client. If individuals are aware of their shortcomings and their strengths, they can make informed choices as to their future career plans.

We identified cases where counselors advised individuals to reconsider an employment path or training area the counselor considered inappropriate. These cases were closed successfully in that the individuals accepted the counselors' recommendations and were successfully placed. For example, in early 1994, one individual wanted to obtain a four-year degree. After testing, it was discovered the individual had some significant scholastic weaknesses. With the help of the counselor, the individual reconsidered the career goal and was successfully placed in a non-degree position.

Current MVR policy does not emphasize the importance of a client's strengths, abilities and capabilities. MVR management should clarify current policy to reflect the importance of all the attributes when planning an individual's vocational future.

Program Action: *Policy Rewritten*

MVR is publishing a policy on this topic to provide guidance to counselors. The draft policy states individuals will be provided information and orientation at application and again at the time of the development of the IWRP regarding the availability and scope of informed choice.

Recommendation #5

We recommend Montana Vocational Rehabilitation Program management clarify policy to help ensure counselors consider an individual's strengths, abilities, and capabilities when planning his/her vocational future.

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Periodic and/or Annual Review of IWRPs is Important

Federal rule requires state units to review IWRPs with clients as often as necessary, but at least once each year. This review is to assess an individual's progress in meeting objectives identified in the IWRP. Federal rule also requires state units to establish a procedure and schedule for periodic review and evaluation of IWRPs. MVR supervisors evaluate a sample of each counselor's case files, and during this evaluation determine if the counselor has completed an annual review of the IWRP.

MVR policy also requires counselors to document periodic reviews of IWRPs. Policy states "As the IWRP commits to a schedule for determining whether goals and objectives are being met, case entries which address the assessment schedule shall be entitled 'Periodic Review' and dated."

Not All Annual Reviews Documented

Fifty-one IWRPs in our sample required annual reviews since the clients received services for more than one year. Twenty-two of 51 files (43 percent) did not contain documentation an annual review of the IWRP was completed. For example, one file contained documentation the IWRP was reviewed in 1993, no documentation of review in 1994, and finally closure in mid-1995. MVR services were provided during 1994 and 1995. Annual review of the IWRP was not completed, even though the counselor's notes identified the individual had difficulty meeting requirements outlined in the IWRP during 1994.

Periodic Reviews Need to be Documented

We also tested files for documentation of periodic review of the IWRPs by counselors. We found 16 of 68 files (24 percent) did not contain documentation counselors completed periodic reviews of the IWRPs. For example, a client receiving post-employment services was required to contact the counselor at least every 90 days. Because 90-day follow-up was required in the IWRP we expected to see documentation of the contact in the counselor's notes, constituting periodic review. The file did not contain documentation there was contact or at least periodic review by the counselor.

MVR is not clear as to what constitutes "periodic." Staff indicated even though there is policy for periodic review, there has been no

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decision as to what periodic means. Periodic is not defined in the policy manual.

Annual and/or periodic reviews provide a counselor with a track record of a client's progress. Documentation of the review provides anyone reading the file a clear understanding of the client's status. Without scheduled documented review of the IWRP, counselors are unable to determine if clients obtain agreed upon goods and services and whether clients are working toward established employment objectives. This review would also help identify needed amendments to the rehabilitation objectives and requirements in the IWRP.

Program Action: *Training Planned*

MVR management established annual reviews as a priority of case reviews. To clarify periodic reviews, management believes the revised IWRP format will lend itself to periodic reviews. MVR indicated there will be training to address these recommendations.

Recommendation #6

We recommend Montana Vocational Rehabilitation Program management:

- A. Ensure counselors are completing and documenting annual review of IWRPs.**
- B. Clarify established policies to define periodic review of IWRPs.**

Amendments of IWRPs Important When Changes Occur

Upon completion of a periodic and/or annual review, the counselor can revise or amend the IWRP if necessary. According to MVR policy, an amendment to the IWRP should result if a client is experiencing changes in his/her life which could affect his/her employment goal, rehabilitation goals and objectives, and goods and/or services outlined in the IWRP. Policy also requires an IWRP amendment or revision if there is a significant change in the individual's financial status or life circumstance. Since policies do not accurately define what is considered a significant change in a

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client's financial status or life circumstance, during file review we looked for things such as loss of a job, change in income, change in marital status, etc.

Of the 85 files reviewed with IWRPs, 64 contained documentation of some type of significant change affecting the client. Of the 64 files, we found 29 (45 percent) did not have amendments developed. For example, an individual was working in a probationary job after applying for MVR services. The original IWRP was developed in April 1993. The individual quit the probationary job one month later, yet no amendment was developed for the client showing the change. Counselors' notes showed MVR provided a vocational evaluation approximately two months later. The next month, contact notes showed the individual received adult education as a service. There was no evidence amendments were made to the IWRP to reflect the changes in the individual's life.

As mentioned previously, the purpose of an IWRP is to document a program of action to obtain a successful employment goal. If significant changes in a client's life affect outlined employment goals, objectives, and/or responsibilities of the client or MVR, the IWRP should be amended. The IWRP is jointly used by the counselor and the client; therefore, if changes occur, amendments to the IWRP are important. Management should develop controls to ensure amendments are made when necessary. These controls should include clear, concise policies and procedures. Management should also make sure counselors understand when written amendments are necessary.

Program Action: *Policy*
Drafted

MVR management drafted a policy, based on federal regulations, clarifying when amendments are needed.

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Recommendation #7

We recommend Montana Vocational Rehabilitation Program management:

- A. Clarify IWRP amendment policies and procedures.**
- B. Ensure counselors amend IWRPs when necessary.**

Client Financial Information Gathered and Reviewed

Federal regulations allow state vocational rehabilitation programs to consider the financial need of clients when deciding the extent of the client's participation in paying for the services. MVR has chosen to use a financial needs test to assess the client's ability to contribute toward the cost of services provided. Section 53-7-108, MCA, states MVR must provide counseling and guidance, vocational evaluation, and vocational placement services without cost to an eligible person. In addition to these services, the program may pay the cost of other vocational rehabilitation services, such as training, for an eligible person to the extent MVR determines the person cannot pay for the cost of those services.

The MVR financial need policy requires counselors to determine the extent of the client's financial need. MVR requires rehabilitation services be provided at public cost only to clients found to require financial assistance. MVR's IWRP policy requires documentation in the IWRP describing the extent of the client's participation in the cost of services.

To determine the client's ability to help pay for goods and/or services, each client is required to complete a financial summary form. The form is completed at the time of application and again when there is a change in the client's financial status. Some MVR staff indicated clients not receiving purchased goods and/or services are not required to complete the financial summary form other than indicating "no cost plan" on the form.

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Complete Financial Summaries as Required

At the beginning of the audit, MVR staff stated the financial summary forms were completed annually or more frequently as needed. During the audit, the department implemented a new policy which requires updating financial summary forms only as needed.

During our file review, we recorded how often financial summary forms were completed. Files closed because the individual was not eligible for MVR services were excluded in our analysis of financial summary forms, resulting in 118 files with 259 summary forms. Overall, 35 percent of the financial summaries were not completed within one year. Table 11 shows the frequency of financial summary forms completed in our sample.

Table 11
Completion of MVR Financial Summary Forms

Time Period Completed	Number of Forms	Percent of Forms
12 or months or less	169	65
More than 12 months	90	35
Total	259	100

Source: Compiled by the Legislative Audit Division from MVR records.

As a result of not requiring clients to complete financial summaries annually or more frequently as needed, MVR is not aware of client resources. These resources could be used to help pay for MVR purchased goods and services. We found instances where updated financial summary forms were not completed after there were changes in a client's financial situation. For example, files contained documentation of increased parental support, additional spouse wages, increased Workers' Compensation, increased Social Security income, student financial aid awards, employment and wage changes, and changes in living expense due to moving. We also found examples of clients returning for post-employment

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without completing new or updated financial summary forms. Overall, we identified at least 13 percent of the files with financial summary forms were not updated as needed. We based this on information in the counselor notes or information contained in the IWRP.

Staff opinions and attitudes concerning client financial resources appeared to contribute to financial summaries not being completed as policy requires. MVR counselors, counselor supervisors and region administrators interviewed believe the majority of clients cannot afford to participate in the cost of goods and services. Another contributing factor may be limited supervisory review of closed cases. By not reviewing closed cases, MVR has limited management information to ensure financial summaries were completed as required by policy. We found instances where financial summary forms were completed at application and a year later, but no update for the next several years through case closure, resulting in long time spans when financial information was not current.

Limited Documentation of Client Contributions

Under the assumption financial information is used to determine client participation in purchasing goods and services, we reviewed financial summary forms in our sampled files. We documented the clients' monthly income and expenses as reported on these forms. Available income was calculated by subtracting reported client expenses from reported client income. The sampled clients' reported monthly available income ranged from none up to \$959. Most clients reported no money available to contribute toward the cost of goods and services purchased by MVR.

In addition to our review of the financial summary forms, we reviewed other file documentation to determine the extent of client contributions. We found limited documentation of clients' ability or inability to financially contribute to services or goods purchased by MVR.

Without documenting clients' ability to make contributions, MVR cannot determine the extent of an individual's participation in the cost of goods and services. MVR also cannot determine the extent

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of client contribution for any group of clients (such as region comparison) or over a period of time (such as fiscal year comparison). Without compiled information on client contributions, management cannot assess the success of or the need for client cost participation.

Since MVR has chosen to require financial assessment and client cost contribution, MVR should ensure consistent financial assessment and payment for goods and services for clients found to require financial assistance. MVR needs to communicate the importance of financial assessment and client contribution documentation requirements to staff. This can be accomplished through written policy, training on the policy, and reviewing closed files. The latter will ensure policies are applied consistently and identify any further training/clarification needed.

Program Action: *Financial Policy Strengthened*

MVR revised and strengthened its financial policy. They also developed policies addressing annual reviews of financial status and the need to amend the financial report and cost sharing arrangements as appropriate. MVR said they will review closed files to monitor compliance with policies.

Recommendation #8

We recommend Montana Vocational Rehabilitation Program management:

- A. Emphasize the need for financial summaries and documentation of client contributions through policy and training.**
- B. Review closed files to monitor compliance with the policies.**

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Client Income Not Verified

MVR does not verify income reported by clients on the financial summary form. MVR policy indicates the client is the primary source of financial information, but counselors can determine financial resources from any reliable source. The counselor may not expend program funds for services for any client who fails to provide necessary financial information. Staff believe MVR clients accurately report financial information.

During our audit work we verified wages reported by MVR clients in our file sample. We excluded closed files of applicants not eligible for MVR services. We verified wages from the Unemployment Insurance (UI) computer system for 80 clients closed between October 1994 and June 1995, since the system had wages for that time period. We found 17 of 80 clients (21 percent) had income greater than the amount reported on the financial summary forms. For the 17 clients, we identified an additional \$7,740 in monthly wages not reported on financial summaries or in a financial summary update.

Since MVR chose to require financial needs assessment of clients to determine a client's ability to participate in the cost of goods and services, MVR should establish controls to help ensure clients report accurate and complete financial information. To be cost-effective and display the existence of controls, MVR could verify income for a sample of clients on a routine basis. One way to verify the income would be to access the Department of Labor Unemployment System. Since the current financial summary policy is to complete forms as needed, income verification would be a good measure of the need to update financial summary forms.

MVR management indicated they will contact the Department of Labor and Industry to determine if there is a cost-effective method to randomly check incomes levels.

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Recommendation #9

We recommend Montana Vocational Rehabilitation Program management establish controls to verify income for a sample of MVR clients on a routine basis.

Student Financial Aid Documentation Important

MVR financial policies state “No training services in institutions of higher education shall be paid for with funds under Title I unless maximum efforts have been made to secure grant assistance in whole or in part from other sources to pay for such training.” Policies require a client to apply for a federal PELL education grant to assist with the cost of training prior to determining the amount of MVR funding a client should receive for education expenses.

Thirty-two clients in our file sample attended universities, colleges or vocational schools. We found MVR counselors did not always require documentation the clients applied for or received financial aid. We noted some instances where counselors requested clients apply for financial aid, but the file did not contain documentation to ensure the client had applied.

Verification of Financial Aid is Needed

We contacted the schools clients in our sample attended. We verified if clients applied for student financial aid and the amount awarded to each. According to information received from the schools, 22 of the 32 MVR clients attending school received a total of \$228,949 in student financial aid while receiving services from MVR. MVR file documentation showed 16 clients received financial aid for a total of \$44,266. Table 12 shows the results of our file review and information received from the individual schools.

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Table 12
Comparison of Student Financial Aid Documentation

Financial Aid Status	MVR Documentation	School Documentation
Received Award	16	22
Not Eligible For Financial Aid	5	1
Did Not Apply For Financial Aid	7	2
Unable to Determine	4	6
Declined Award	0	1
Financial Aid Not Applicable	0	1
Total Clients	*32	*33
* Totals do not match since one client attended two schools.		

Source: **Compiled by the Legislative Audit Division from MVR files and school records.**

By not verifying financial aid, MVR may have paid more than necessary for tuition, books, and school supplies. Without documentation of an award letter verifying the client applied for financial aid and the amount awarded, MVR does not know whether the client is appropriately participating in their rehabilitation plan. The current process does not ensure accurate client cost participation for educational expenses.

Additional information on financial aid awards is available directly from the schools. Financial aid officers indicated if requested, they could send MVR copies of the award letters, student aid reports, or aid statements for clients attending their school.

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Program Action: Award Letters Required

MVR now has policy which requires the financial award letter to be in case files.

Recommendation #10

We recommend the Montana Vocational Rehabilitation Program strengthen management controls by requiring an award letter or other necessary information prior to paying education expenses.

Case File Closure

The reasons why a case file is placed in a closed status range from client ineligibility to a client successfully maintaining a job. The following were the closed statuses used by MVR during our audit period.

- ▶ Status 08 MVR determines an individual ineligible for VR services.
- ▶ Status 26 Closed rehabilitated, employed successfully for at least 60 days.
- ▶ Status 28 Closed after an IWRP is written, or closed after at least one service outlined in the IWRP is provided, but before the client is employed.
- ▶ Status 30 Closed after an IWRP is written, but before any of the services outlined in the IWRP are provided.
- ▶ Status 33 Closed, client finished receiving post-employment services for the present and employment is maintained.
- ▶ Status 35 Client finished receiving post-employment services and is placed back in referral status to begin a new rehabilitation program.
- ▶ Status 37 Client finished receiving post-employment services and the file is closed for reasons other than employment or referral. (The client is not

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employed and will not receive services from MVR.)

A client's case can be closed at anytime during the vocational rehabilitation process. For example, a case file can be closed when it is determined the individual is ineligible, refuses services, does not cooperate, is no longer available for services, or has achieved a successful outcome.

Clients Notified of Closure

According to MVR policy, the counselor must send a client written notification signed by the counselor notifying the individual of reasons for closure. The written notice informs the client of his/her right to appeal the decision. It is also the counselor's responsibility to refer individuals to other agencies or programs when appropriate. Counselors try to obtain the signature of a client when the case is closed with or without a successful outcome. In many cases two or more letters are sent to the individual, with at least one being registered mail with a return receipt required. These letters are designed to inform the client the case is closed and try to obtain a signature. Policy states letters sent to clients achieving a successful outcome require the client's signature and a copy of the letter is returned to MVR as evidence of the client's involvement in closure.

Post-Employment Services Provided

After a client has achieved what is considered a suitable employment outcome, MVR can provide post-employment services. Post-employment services are goods and services needed after clients are employed and are necessary to enable the person to maintain, regain, or advance in employment. Post-employment purchases include goods and services such as an eye examination and glasses, clothing for work, and job placement services.

Occupation at Closure

From information in the files, we identified the client's occupation at closure. We gathered information for all types of closures, not just those employed successfully for at least 60 days.

We categorized occupations into service, clerical, and trade professions. Examples of service professions include individuals employed as a waiter/waitress, janitors, or licensed practical nurses. Clerical positions include individuals working as clerks, book-

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keepers, or secretaries. The trade professions include individuals working as mechanics, meat cutters, or laborers. Table 13 breaks down the number of clients and different types of occupations held upon closure.

Table 13
Type of Occupation at Closure

Type of Occupation	Number of Clients
Service	35
Clerical	7
Trade	6

Source: **Compiled by the Legislative Audit Division from MVR records.**

Summary

We believe implementing the recommendations discussed in this chapter would increase the efficiency and effectiveness of MVR's delivery of services to eligible clients. Clarifying and/or writing policies, providing training, and reviewing more closed files would ensure federal regulations are followed and clients are treated consistently.

Other areas of increased efficiency and effectiveness pertain to purchasing goods and services and program organizational controls. These subjects are discussed in the Chapters V and VI.

Chapter V - Purchasing Process

Introduction

MVR provides counseling and guidance, vocational evaluation, and vocational placement services without cost to an eligible person. In addition, MVR may pay the cost of other vocational rehabilitation services for an eligible person in financial need. During the purchasing audit of MVR, we examined the process to obtain goods and services for MVR clients. We did not review the purchasing procedures for department goods and services.

The objective of the purchasing audit was to determine if purchasing procedures are followed which ensure the receipt of goods and services by MVR clients. We answer the following questions in this chapter:

1. What types of goods and services were provided to MVR clients during fiscal year 1994-95?
2. How does the department ensure vendors provide agreed upon goods and services to MVR clients and purchasing procedures are followed?
3. Are the vocational evaluation tests purchased for MVR clients providing counselors with information needed to make reasonable decisions concerning the client's vocational aptitude?
4. How much did the department expend on MVR goods and services for fiscal year 1994-95?

Types of Goods and Services Provided

Our file review included gathering information as to the types of goods and services purchased by MVR for clients. For example, medical and/or psychological tests and reports are purchased for most clients. Many clients also receive vocational assistance.

Table 14 summarizes the types of goods and services purchased and the number of clients receiving the goods and/or services for the 150 MVR files reviewed.

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Table 14
Types of Goods and Services Purchased for MVR Clients

Types of Goods and Services	Number of clients
Medical/Psychological Reports & Tests	108
Vocational Assistance	79
College or University Education	20
Vocational Education	13
Adult Basic Education	2
Fuel/Vehicle Repair	24
Clothing	16
Travel/Moving	11
Rent	10
Food	10
Vehicle Insurance	5
Day care, etc.	3
Other (eye exams, glasses, orthotics)	24

Source: **Compiled by the Legislative Audit Division
from MVR records.**

Types of Vendors Providing Goods and Services

MVR purchases goods and services from a variety of vendors, such as medical doctors and psychologists, educational facilities, clothing stores, insurance companies, day care providers, privately run rehabilitation programs, and other vendors necessary for client rehabilitation.

Purchasing Procedures

All goods and services for the client are to be identified in the IWRP. The IWRP documents the vendor, estimated cost, and time period in which goods and services are anticipated to be purchased.

The MVR purchasing process changed in July 1996 when the program converted to a new computer system. Previously, for every purchase, a counselor in the field office signed and sent an authorization for the services to the central office in Helena. A purchase order/billing invoice was then generated and sent to the

counselor and vendor. Under the new system, the counselor generates an authorization and purchase order/billing invoice in the regional office and sends the forms directly to the vendor. After the vendor provides the good or service for the client, the vendor signs the billing invoice for assurance the good or service was provided. The signed invoice is sent to the counselor for his/her signature to confirm receipt of the good or service and the bill is forwarded to Helena for payment.

Conclusion: Purchasing Procedures Followed and Ensure Receipt of Goods and Services

Based on our review of MVR files, purchase authorization and purchase orders were used appropriately 99.7 percent of the time (1137 out of 1140 purchases). We did not find any concerns that clients did not receive goods and services purchased by MVR.

Since MVR policy is for the vendor and counselor to sign the purchase order showing the transaction is complete, we documented when there was no counselor signature or no vendor signature. Of the 1140 purchases, 14 were not signed by the counselor (1.2 percent) and 16 had no vendor signature (1.4 percent). We also looked to see if the client signed for purchases when the money went directly to them instead of the vendor. Since the client must sign the check to cash it, MVR policy does not require client signature on the purchase order invoice.

We conclude MVR purchasing procedures ensure receipt of purchased goods and services and staff follow written purchasing policies and procedures.

Services Provided by Community Rehabilitation Programs

MVR purchases many types of services from 19 certified Community Rehabilitation Program (CRP) providers around the state. The CRP's provide direct, or facilitate a provision of, vocational rehabilitation services to individuals with disabilities. The CRP's provide one or more of four types of services defined in Table 15.

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Table 15
Services Provided by Community Rehabilitation Program

Service	Description
Vocational Evaluation	A comprehensive process that uses work, either real or simulated, for assessment or vocational exploration.
Sheltered Work Adjustment Training (WAT) Services	A time limited training program which assists persons toward job placement utilizing real or simulated work in non-integrated settings (the CRP is the employer).
Transitional Employment Services (TES)	Services provided in one-to-one or group settings to provide training at the employment site.
Placement Services	Services provided to prepare for job finding, employer contact and negotiation, job accommodation, and other job related services (except skill training at the job site).

Source: Compiled by the Legislative Audit Division from MVR records.

CRP Certification

DPHHS requires CRPs providing services to MVR clients to be accredited by the Commission of Accreditation of Rehabilitation Facilities (CARF) or the National Accrediting Council (NAC). DPHHS will certify a provider that is not CARF or NAC accredited if the provider is certified by a state or federal agency with which DPHHS has a cooperative agreement concerning the coordinated delivery of services.

All accredited CRPs are provided an accreditation standards manual to help ensure the delivery of quality services to people with disabilities. Standards are established for every program or service a CRP provides to MVR clients including intake, orientation, individual planning, referral, exit/discharge, and follow-up. In

addition, standards address facility organization such as consumer-based planning, organizational structure and ownership, organizational management, information management, program evaluation, assessment of program quality, fiscal management, and human resources.

***Conclusion: CRP
Vocational Evaluations Aid
Counselors in Decision
Making***

When needed, MVR purchases vocational evaluations for clients to determine their vocational aptitude. We reviewed the vocational evaluation process. The evaluations consist of nationally accepted tests administered and interpreted by qualified CRP staff. Test results are summarized in a report provided to the MVR counselor and discussed with the client.

Based on our review of documentation and interviews with CRP staff and MVR counselors, we determined the vocational evaluation tests given to MVR clients provide counselors with necessary information. The tests are used to make reasonable decisions concerning the client's vocational aptitude. The vocational evaluations help determine which services assist the client in attaining an employment outcome.

Fee Limits

During our audit work, we reviewed existing fee limits of goods and services purchased for MVR clients and procedures for establishing new limits on the amount to be paid. The following sections describe the current MVR fee structure.

**Medical Services Fee Limits
are Established in Policy**

Medicaid reimbursement rates are used for in-hospital medical services MVR may purchase. All other medical services for providers, other than hospitals, are established in the MVR fee schedule included in the MVR policy manual. Medical services such as physical examinations, eye examinations, dental examinations, and psychological or psychiatric examinations have limits as to the amount MVR pays.

Chapter V - Purchasing Process

CRP Fee Limits Increased on Percentage Basis

MVR approves fee limits for all services for each CRP provider. We reviewed the procedures for establishing CRP fee limits and interviewed counselor supervisors in each district office. As CRP liaisons, counselor supervisors act as an agency representative for the CRPs in their area. The liaisons write a cooperative agreement between each CRP and MVR. The agreement outlines for each CRP, their proposed services available, expected number of MVR clients, and incorporates the requested fees for each service. The agreement with the requested fees is sent to Helena for approval.

Initial CRP fee limits were established based on cost data. Since then, limits are modified on a percentage basis every year based on increases approved by the legislature. MVR reviews the providers' requested fee changes in conjunction with the legislative increase to establish fee limits. While costs change over time, these costs are not necessarily based on a designated percentage increase. For the 1997 biennium, the legislature approved a CRP provider rate increase of \$1 million over the biennium.

CRP Fees Vary

Our review of CRP fees shows variation in the established limits for the same services. For example, in 1995 vocational evaluation fee limits ranged from \$681 to \$998. Some providers charged a processing fee for the evaluations ranging from \$54 to \$91. (We included the processing fee in the evaluation fee ranges to show actual fees charged for that service.) Placement services fees ranged from \$574 up to \$1,435. Since each region establishes fee limits for providers in that region, there is no statewide review for fee consistency or review of costs to determine reasonable fee limits.

Cost Basis in Fee Setting

The CARF manual's fiscal management standard indicates charges for services and products should be based on a knowledge of both direct and indirect costs. The National Association of State Purchasing Officials recommends requiring cost or price analysis for negotiated prices. The International City/County Management Association book on service contracts recommends, for social service purchases, the offeror list all costs associated with the service including administrative and overhead costs, operating costs, equipment costs, and any other costs associated with service delivery.

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MVR issued a procedural memo in line with these criteria for new services or new providers. MVR CRP liaisons are to include a review of the provider's direct and indirect costs when establishing fees for new services or new providers. However, there is no formal policy requiring a review of existing CRP providers' actual costs to modify fee limits.

Accommodation Charges Added to Total Fee

Other costs and requirements impact MVR's review of fees. The Americans with Disabilities Act (ADA) requires accommodation needs be included as part of the cost of doing business.

Accommodation needs include goods or services used to aide a person with a disability, such as a deaf interpreter. MVR told the CRPs to add an accommodation charge into all their fees to cover the cost of necessary accommodations. This resulted in the CRPs increasing their fees. During our file review we noted one CRP facility adds two percent onto all services. Not all CRPs itemize the accommodation fee on the billing invoices. Since MVR does not review these indirect costs, MVR does not know if the fees charged are a reasonable or fair representation of the cost of these services.

Federal requirements establish principles to be applied in establishing the allowability or unallowability of certain items of cost. The Office of Management and Budget (OMB) Circulars A-87 and A-122 establish cost principles which disallow charges for purchases which cannot be predicted with any assurance of happening.

MVR Should Review Costs

MVR has policies and procedures for establishing fees for new providers or services. MVR should develop a policy to review cost information for all providers and services to establish reasonable fees and ensure compliance with both ADA and the OMB circulars. Reasonable fee limits are based on all costs associated with a service including direct and indirect costs. To be cost-effective, once reasonable fee limits are established MVR may then be able to select a sample of providers for routine follow-up review since MVR modifies CRP fee limits annually.

Chapter V - Purchasing Process

Program Action: *Fee Limits Being Reviewed*

MVR is working with DPHHS's internal auditors to complete a preliminary review of CRP revenues and expenditures. The internal audit group will devise a method to review fee limits during their routine audits of major providers.

Recommendation #11

We recommend Montana Vocational Rehabilitation Program management:

- A. Establish a policy to review cost information including direct and indirect costs for all providers and services.**
- B. Develop a process to routinely review fee limits to establish reasonable fees and ensure compliance with OMB Circulars A-87 and A-122 and ADA requirements.**

Management Information on Goods and Services Purchased for MVR Clients

We asked central office staff in Helena and regional administrators about expenditures for specific types of goods and services purchased for MVR clients. No one was able to identify expenditures by type of goods or services purchased. MVR tracks most budgetary information by type of funding rather than type of purchase.

MVR Budget Process Should be More Detailed

We then reviewed the MVR budgeting process. MVR establishes an initial budget for each region based on number of clients served. Monthly budget information is communicated between the regional offices and the central office in Helena. Quarterly, the budget is redistributed based on justification provided by each regional administrator. Redistribution is based on the various funding sources rather than analysis of specific types of goods and services purchased.

The purpose of budgets and budgeting is to help decision makers determine which activities are most desirable and to allocate resources among them as efficiently as possible. Detailed management information of client purchases allows managers to better administer their programs, especially with equitable

distribution of the budget. Information on the types of purchases would provide a better indicator of client needs in each region.

File Review Results of Purchased Goods and Services

As a result of MVR not compiling budgetary information by type of goods and services, staff were unable to readily identify how much was spent on any one type of good or service for clients. As an example of the type of information which might help manage resources, we categorized purchases in our sample of 150 MVR files (of which only 122 clients had purchases) into several areas including:

- ▶ Job-related
- ▶ School-related
- ▶ Medical and psychological
- ▶ Vocational evaluation
- ▶ Maintenance
- ▶ Transportation
- ▶ Computer equipment and supplies.

We then added the purchases for each category for each of the four regional offices. We found one region expended significantly more than the other three regions in most categories. MVR management could use this type of information to analyze reasons why one region spends more than another or to determine if there is a correlation between services purchased and successful job placement. Table 16 shows the results of our file review.

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Table 16
MVR File Review Results of Goods and Services Purchased for Clients

Item	Region Number	# of Clients	# of Items	Cost	Avg. Cost Per Client
Job-Related Purchases including: Job Club, Coaching, Development, Placement, Readiness, Seeking, Follow-Along, Sheltered and Supported Employment, OJT, Work Adjustment Training, Work Assistance, and Transitional Employment.	1 2 3 4 <u>Total:</u>	12 5 14 11 42	68 22 108 85 283	\$ 29,314 13,182 47,640 27,056 \$117,192	\$ 2,443 2,636 3,403 2,460 \$ 2,790
School-Related Purchases including: Tuition, Fees, Books, Supplies, Tutoring, Exams and Insurance.	1 2 3 4 <u>Total:</u>	7 5 13 10 35	41 58 147 37 283	\$ 25,358 23,258 79,348 23,035 \$150,999	\$ 3,623 4,652 6,104 2,304 \$ 4,448
Medical and Psychological Purchases including: Records, Exams, Evaluations, Counseling, Physicals, Surgery, Eye Glasses, Dental Work, Medication, Health Club Membership.	1 2 3 4 <u>Total:</u>	18 27 27 23 95	54 55 70 65 244	\$ 6,130 7,981 4,082 8,354 \$ 26,547	\$ 341 296 159 363 \$ 279
Vocational-Evaluation	1 2 3 4 <u>Total:</u>	9 9 8 8 34	9 9 8 8 34	\$ 4,806 6,855 5,007 5,176 \$ 21,844	\$ 534 762 626 647 \$ 642
Maintenance including: Clothing, Lunches, Motels, Living Expenses, Rent, Rent Deposit, Day Care, Hair Cuts, and Emergency Assistance.	1 2 3 4 <u>Total:</u>	4 7 10 7 28	12 15 46 14 87	\$ 1,844 1,896 11,485 1,275 \$ 16,500	\$ 461 271 1,149 182 \$ 589
Transportation including: Gas, Vehicle Insurance, Bus Passes, Parking Permits, Vehicle Repairs and Maintenance, Partial Payment of Van, and Moving Truck Rental.	1 2 3 4 <u>Total:</u>	6 6 12 10 34	41 14 102 47 204	\$ 1,596 768 7,281 5,044 \$ 14,689	\$ 266 128 607 504 \$ 432
Computer Equipment and Supplies	1 4 <u>Total:</u>	1 2 3	3 2 5	\$ 655 3,591 \$ 4,246	\$ 655 1,796 \$ 1,415
Grand Total:	1 2 3 4 <u>Total:</u>	28 30 32 32 122	228 173 481 258 1140	69,703 53,940 154,843 73,531 \$352,027	\$ 2,489 1,798 4,839 2,298 \$ 2,885

Source: Compiled by the Legislative Audit Division from MVR records.

Analysis of Purchases Important

The management information reports currently used by MVR are primarily based on federal reporting requirements which focus on types of funding rather than types of purchases. Budget distribution and re-distribution are based on types of funding. MVR could improve the information used to manage resources.

MVR is working to identify necessary purchasing information and will generate management reports.

Recommendation #12

We recommend Montana Vocational Rehabilitation Program management identify and generate information to help manage program resources including budgeting and analysis of purchasing in each region.

Chapter VI - Organizational Controls and Program Success

Introduction

Interviews with program management and staff, and review of program management information provided us with the basis to answer the last three objectives of this audit: 1) What are the outcomes of the MVR Program?; 2) Are organization controls consistent with the intent of the MVR Program?; and 3) How does MVR monitor its success and/or effectiveness? The following discusses results of the audit work and our recommendations for improvement.

Organizational Controls

The role of management entails directing the use of limited resources in the most efficient and effective manner while fulfilling the statutory purposes of a program. One way to direct program staff is by the development of sound organizational controls. Organizational controls include measurable standards and systems. Examples of measurable standards include goals, objectives, policies, and procedures. The measurement system in organizational controls is primarily management information. The following discusses various components of the organizational controls at MVR.

Goals and Objectives

Documenting relevant, verifiable goals and measurable objectives is fundamental to establishing measurable standards for a program. Goals should relate to the purpose and mission of a program, correspond to the statutory intent, and provide a clear direction for action. Setting goals requires developing questions to be answered and establishing objectives which identify specific levels of achievement toward that goal. Objectives relate directly to program goals and should describe specific and measurable targets, results, or outcomes. Defined objectives are specific levels of achievement. Objectives should be result oriented, attainable, and allow management to track responsibilities and accomplishments within a program.

MVR's current program goals and objectives are based primarily upon federal funding, originating from historic production figures (number of clients at a specific status). MVR management in turn uses these numbers as goals to determine if the program is cost-effective and evaluates staff based upon these production figures. MVR has also developed value-based goal statements which support

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federal regulations and support basic vocational rehabilitation philosophy. An example of one of these statements is “MVR values an enhanced and expanded service delivery that is responsive to the essential needs, dignity, and rights of individuals with disabilities”

Using historic production figures as goals and objectives provides a level of achievement by staff, yet does not provide ways for staff or management to achieve the numbers or to evaluate compliance with the program’s mission.

Our review of the MVR Program identified areas where MVR could strengthen organizational controls of the program, specifically goals and objectives. The following are examples of goals and objectives MVR could establish:

<u>Goal</u>	Increase number of individuals applying for MVR services.
<u>Objectives</u>	Develop a statewide advertising campaign. Evaluate the application process with emphasis on streamlining.
<u>Goal</u>	MVR will ensure the maximum and efficient use of MVR benefits and resources.
<u>Objectives</u>	Ensure equal, consistent treatment of clients. Develop policies and procedures to help ensure client financial contributions are equitably considered and recovered.

By expanding and revising already existing goals and objectives, MVR could strengthen the program’s mission and purpose.

MVR management indicated their Strategic Plan will contribute to the development of more tangible measurable goals and objectives. Federal regulations require a strategic plan be written each year to supplement the State Plan which is required every three years.

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Recommendation #13

We recommend Montana Vocational Rehabilitation Program management:

- A. Revise goals that relate more to the purpose and mission of the program.**
- B. Establish measurable objectives which relate directly to goals and allow for attainable results or outcomes.**

Management Information System

A management information system is a data network designed to provide managers with timely and useful information for effective planning and control. Management information helps individuals make decisions. Management information is a way to monitor and evaluate program operations and measure program outcomes or results. Managers must analyze the information and program outcomes, compare them with expected goals, decide the importance of any differences, and make necessary changes. When management information is available to individuals outside of an organization, it provides an overall understanding of the program and its outcomes. Management information, as a measure of program performance, holds public officials accountable for performance on service quantity, quality, and efficiency, as well as guide improvements in public service.

Current Management Information Reports

MVR generates more than 35 management reports with program information. These reports are generated either biweekly, monthly, quarterly, or at federal fiscal year end. Most of these reports track information required to obtain federal funding. Consequently, MVR reports are primarily based on federal reporting requirements which mainly focus on types of funding rather than overall program activities. For example, when asked how many vocational evaluations were purchased, MVR could identify only the number of evaluations purchased with federal Section 110 funding; they could not produce the total number of vocational evaluations purchased for MVR clients.

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Other MVR reports appeared to show overall program details, yet were found to have limited use in analyzing program operations. For example, there is a report with the cost and average cost of services purchased for individuals by disability category. The report identifies purchases of services by disability type which may be useful information in managing program resources. However, the computer is programmed such that for each client, the most recent service is entered into a disability code, but then all subsequent services are added to a subtotal for either severely disabled or other disabilities category. Consequently, MVR management cannot determine the actual cost or average cost of any disability category.

Some Management Reports not Useful

As a result of less than complete data and in some cases inaccurate data on MVR's management reports, staff do not fully use some reports. For example, there is a report used by administrators and counselors which tracks the status of each client. The old computer system did not accurately track length of time a client was in a status; therefore, the information could not be used to accurately monitor caseload information.

Without useful information, program managers cannot make decisions on whether expectations are met or if changes are necessary to improve program operations. By not having access to useful management information, it is difficult to measure achievement of goals and objectives and measure the efficiency and effectiveness of program operations.

MVR believes their new computer system will help address the need to access necessary information.

Recommendation #14

We recommend Montana Vocational Rehabilitation Program management:

- A. Identify what information would be useful to help manage program operations and measure program outcomes.**
- B. Develop that information into useful management reports.**

Chapter VI - Organizational Controls and Program Success

Success/Effectiveness of MVR

To effectively evaluate the program's success or effectiveness, management should establish a process or system to track management responsibilities and evaluate program accomplishments. According to standards of the Commission of Accreditation of Rehabilitation Facilities (CARF), a system of information collection, dissemination, and utilization should be accurate, communicated to appropriate personnel, and relevant to an organization. The information must be timely and reviewed periodically for accuracy and relevancy. Finally, results of the analysis should be used at all levels of decision making for continuous improvement. DPHHS has not established sufficient controls to evaluate the MVR Program's success or effectiveness. One way to begin an evaluation of a program is by setting performance measurements.

Performance Measurements

Performance measurements allow for a gauge of the program's accomplishments. They help improve program goals and objectives by evaluating policies and procedures and help measure the results against an agreed upon standard. Good performance measurements are relevant to an organization's mission and goals, and are reliable enough to produce accurate and verifiable information. Overall, performance measurements evaluate, fine tune, and improve program operations and help management plan for the future.

Staff believe they are successful if they come close to or meet numbers of successful placements determined by management. According to management, these numbers are driven by historic figures. Because MVR is primarily driven by its funding source, management has not developed its own performance measures.

Assessing Performance

Assessing the performance of a program includes an evaluation not only of its resources and its process, but also a measure of its outcomes. Outcomes are important to a program because they focus on a necessary level of activity, for example the number of clients receiving higher education as a means to obtain a successful occupational placement.

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CARF standards also recommend a program measure its outcomes or results of services provided and regularly measure its progress. An evaluation of outcomes assesses program impact, success, and effectiveness. Outcome indicators are important performance measures because they show whether or not expected results are achieved. A measurement of quality to determine MVR effectiveness could include courtesy, reliability, accuracy, competence, responsiveness, and completeness associated with services provided. The following are two examples in which MVR could expand their evaluation and measurement of program achievements.

Customer Satisfaction

MVR measures the quality of customer services by sampling a random selection of clients. These clients are asked to complete a customer satisfaction survey. The survey is designed to give clients the opportunity to provide information on how they perceive the MVR Program. The survey results are compiled by staff in Helena and distributed to each region for their review. In addition, two regional offices have clients complete the “How Did We Do?” form. These questions are similar to the random customer satisfaction survey. The two administrators look at the completed forms to identify any concerns. MVR staff has received training in customer service.

Despite what MVR is doing to evaluate its customer service, it is not completing comparison evaluations of responses over time. For example, MVR could expand its assessment of customer surveys to consider what improvements or changes should be made to program operations from a statewide perspective and evaluate the implemented improvements over an established time frame. MVR should also consider additional elements when evaluating the overall success and/or effectiveness of a program. For example, MVR could compile information to determine if there is a correlation between the types of disabilities, services, and placements. They could compile statistics to identify critical areas where resources are expended, which would ultimately help project future funding needs, staffing needs, and service needs. This information could help counselors develop services or curriculum.

Chapter VI - Organizational Controls and Program Success

Long-term Effects of Successful Placements

Interviews with staff disclosed success is defined as 60-day job placements for clients. This is a minimum federal requirement. Long-term effect of successful placement is an area MVR could assess. Audit work included an evaluation of successfully closed client files. We gathered information of those clients in our random sample successfully employed for 60 days. We determined if the clients continued to be employed as of the first quarter of 1996. We compiled information from the state Unemployment Insurance system. We were unable to verify employment of those clients successfully closed as homemakers, sheltered workshop employees, or self-employed clients. We found 20 of 24 (83 percent) of successful closures continued to be employed as of the first quarter of 1996. In addition, eight other individuals received post employment services from MVR and were employed for the 60-day requirement. Of those eight, five continued to be employed as of the first quarter of 1996. These statistics indicate successful placement for MVR.

Summary

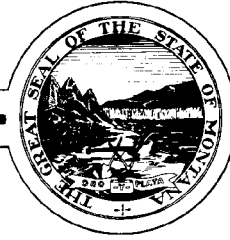
It is important for MVR to involve the appropriate program staff in the development of performance measures. Involving staff at all levels ensures performance measures reflect what can be achieved and encourages staff to take ownership in the measures. MVR should also inform all staff of performance measures. In addition, MVR should establish a system for timely review of the performance measures to help ensure they address the changing needs of the program.

Recommendation #15

We recommend Montana Vocational Rehabilitation Program management develop performance measures to help assess the success and/or effectiveness of the program, both at the regional and overall state level.

Agency Response

DEPARTMENT OF
PUBLIC HEALTH AND HUMAN SERVICES

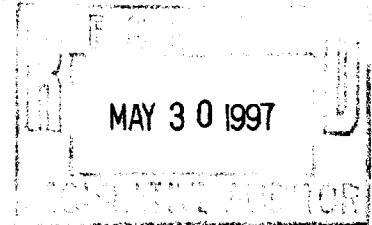


MARC RACICOT
GOVERNOR

LAURIE EKANGER
DIRECTOR

STATE OF MONTANA

May 28, 1997



Jim Pellegrini
Deputy Performance Auditor
Legislative Audit Division
State Capitol Building, Room 135
P.O. Box 201705
Helena, Montana 59620-1705

Dear Jim:

Enclosed is a copy of your final report on the audit of the Montana Vocational Rehabilitation Program and our responses to your recommendations. I understand that the Legislative Audit Committee will be meeting on June 19 to review this report.

While audits are difficult, I certainly appreciate the professionalism and expertise of your staff who have worked with us over these past months. They worked tremendously hard and learned a lot about the Montana Vocational Rehabilitation Program. We really did enjoy our dialog with them and we appreciated their willingness to travel to our field offices.

You will note in our responses that many of the recommendations have already been acted on in terms of implementation. Please feel free to contact me if you or your staff have any questions with regard to our responses.

Sincerely,

A handwritten signature in cursive script, appearing to read "Joe A. Mathews".

Joe A. Mathews, Administrator
Disability Services Division
Department of Public Health and Human Services

Montana Vocational Rehabilitation
Performance Audit Report Recommendations
May, 1997

Recommendation #1

We recommend Montana Vocational Rehabilitation (MVR) Program management:

- A. Complete supervisory reviews of a sample of closed files, including those closed because the applicant was determined ineligible.
- B. Train staff on eligibility criteria to ensure consistent application of federal requirements and proper documentation.

MVR Response: We have already begun the development of policy that defines the consultation and mentoring levels of counselors, peers, and supervisors in the areas of case closure rationale and eligibility determination. In the course of the next federal fiscal year which begins October 1, 1997, the MVR supervisor of a caseload shall audit for each caseload: 6 active cases, 9 closed cases, 3 status 08 closures, 3 status 28 closures, 2 status 26 closures, and 1 other active case. The MVR supervisor shall conduct specific performance audits on all cases that exceed 60 days prior to certification of eligibility, and the MVR supervisor shall conduct specific performance audits for all cases in which the initial Individualized Written Rehabilitation Program is not completed prior to 6 months.

We will also build eligibility threshold training into the format of our annual bi-district training so that each counselor receives training in this area during the year.

Recommendation #2

We recommend MVR Program management provide staff with information to help ensure compliance with the federal 60-day time frame for eligibility.

MVR Response: MVR has already changed its policy manual and we will conduct statewide, an extensive review of cases to establish a comprehensive baseline of performance regarding the 60 day determination of eligibility. We anticipate beginning training with our first bi-district meeting to insure compliance with this regulation. Vocational Rehabilitation regulations have just been rewritten which necessitated a slight change in our policy manual. Any eligibility determination that goes beyond 60 days must have the concurrence of the consumer and a target date for eligibility determination must be established.

Recommendation #3

We recommend MVR Program management establish and implement time lines for development of IWRPs.

MVR Response: MVR has already implemented within policy the 6 month benchmark for the development of Individualized Written Rehabilitation Programs from the date of application. This critical juncture of 6 months, combined with the requirement that all post 6

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month cases undergo a performance review, should address the concerns of the auditors and at the same time preserve the flexibility within the program.

Recommendation #4

We recommend MVR Program management ensure counselors:

- A. Receive appropriate training for development of measurable requirements.
- B. Develop measurable requirements by reviewing IWRPs.

MVR Response: We agree. This is a difficult subject which will require continuous training and we will build it in to our annual bi-district training sessions. MVR has already revised both the IWRP and the case review instrument to focus the counselor more accurately in terms of developing "measurable" performance criteria specifically for the purpose of evaluating the IWRP strategy and goal. In addition, the Reauthorization of the Rehabilitation Act is happening this fiscal year. It looks as though we will need to change policy again as the IWRP will be replaced with a new plan called the IPE (Individualized Plan for Employment). Provisions of this plan will take place simultaneously with the passage of this legislation.

Recommendation #5

We recommend MVR Program management clarify policy to help ensure counselors consider an individual's strengths, abilities, and capabilities when planning his/her vocational future.

MVR Response: MVR has currently published a policy on this topic to provide guidance to counselors. The policy has been approved by the Montana Vocational Rehabilitation Advisory Council and will also need to be approved in our federal state plan. It reads as follows: MVR will provide all individuals participating in agency services with the means and opportunity to exercise informed choice among suitable vocational goals in terms of the individual's unique strengths, resources, priorities, concerns, abilities, capabilities, interests, and needs. This choice also applies to services, service strategies, and qualified, competitive, providers of service. Individuals will be provided information and orientation at application and again at the development of the Individualized Written Rehabilitation Program regarding the availability and scope of informed choice. Information regarding services and providers shall include at a minimum: cost of service, accessibility, duration of services, qualifications and range of expertise of providers, ability of provider to provide integration, and, when available, consumer satisfaction with the providers of service.

The issue of primacy in terms of client choice and counselor judgement is one of continual training. Neither party is by definition primary although it is the interpretation of the Commissioner of Rehabilitation Services that the client's voice is the first voice. The

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counselor, however, must deal with the issues inherent in ability and capability.

Recommendation #6

We recommend MVR Program management:

- A. Ensure counselors are completing and documenting annual review of IWRPs.
- B. Clarify established policies to define periodic review of IWRPs.

MVR Response: Annual reviews will be a priority item in our agency and we have immediately begun steps to implement more training in this area. This will continue to be a priority case review item until we have evidence that the lack of an annual review is a statistically insignificant event. Regarding the issue of periodic reviews: this, we contend as a training issue and we agree it is a critical one. It is linked to the issues of measurable criteria and the overall evaluation of the strategy of the Individualized Written Rehabilitation Program. This has been identified as a priority case review issue. We have revised the Individualized Written Rehabilitation Program format to lend itself more naturally to the periodic review and have begun training on this concept in our bi-district training sessions of 1996.

Recommendation #7

We recommend MVR Program management:

- A. Clarify IWRP amendment policies and procedures.
- B. Ensure counselors amend IWRPs when necessary.

MVR Response: Again, we have identified this as a priority training issue. Not every significant change in a consumer's life needs to result in an amendment to the IWRP. Those events may be noted in the case record and if they point to a need to change the service strategy then an IWRP amendment may be in order. We have begun a policy review and rewrite and will train again on IWRP development. With the changing language in the 1997 Reauthorization of the Rehabilitation Act, we will probably be rewriting this policy again.

Recommendation #8

We recommend MVR Program management:

- A. Emphasize the need for financial summaries and documentation of client contributions through policy and training.
- B. Review closed files to monitor compliance with the policies.

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MVR Response:

- A. We have already revised our financial policy to strengthen our financial standard practice. The following language represents the changes in MVR policy: The counselor, in calculating the financial need of an individual, will identify and utilize all available financial resources of the individual, the individual's spouse, and, if the individual is unemancipated, the financial resources of his/her parents. In calculating the availability of similar benefits and MVR cost participation, the counselor shall require a copy of the student federal financial aid award letter in the case record prior to funding the second quarter or semester of school. The MVR counselor shall review the individual's financial status annually and amend the financial report and cost sharing arrangements as appropriate.
- B. MVR will review closed files as outlined above to monitor compliance with this policy.

Recommendation #9

We recommend MVR Program management establish controls to verify income for a sample of MVR clients on a routine basis.

MVR Response: Thanks to the help of the auditors, MVR has identified the possibility of contact with the Department of Labor to see if there is a connection we could establish to randomly check income levels based on case review lists generated for the compliance policy. We will begin immediately working with the Department of Labor to share this information so that income can be validated.

Recommendation #10

We recommend the MVR Program strengthen management controls by requiring an award letter or other necessary information prior to paying education expenses.

MVR Response: The financial award letter in the file is now a part of agency policy. The only time when this is not possible, according to federal law, is in the first semester where receipt of this letter would unduly delay services for the individual. No training after the first quarter or semester, however can be provided by MVR until the financial award letter is received.

Recommendation #11

We recommend MVR Program management:

- A. Establish a policy to review cost information including direct and indirect costs for all providers and services.

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May, 1997

- B. Develop a process to routinely review fee limits to establish reasonable fees and ensure compliance with OMB Circulars A-87 and A-122 and ADA requirements.

MVR Response: MVR's Community Rehabilitation Specialist has already begun work with DPHHS auditors on this subject. We are currently awaiting the result of a state wide community rehabilitation program audit regarding fees and OMB compliance. The agency will then re-review its community rehabilitation program rates and the process for establishing them.

Recommendation #12

We recommend MVR Program management identify and generate information to help manage program resources including budgeting and analysis of purchasing in each region.

MVR Response: MVR is currently in the process of completely revamping its computer/data base system. Budgeting and analysis of purchasing in each region are both specific reports that we will be generating in addition to a lot of other information which should help the program, particularly with its evaluation component. We intend to work with the Discovery 2000 program to emulate the types of reports recommended in this section. As we increase our skill in gathering the information in this section, our capability to manage detailed district information will increase dramatically. In addition, MVR is looking at the possibility of even more specific regional budgets in an effort to allow our regional managers greater flexibility and control in managing their budgets.

Recommendation #13

We recommend MVR Program management:

- A. Revise goals that relate more to the purpose and mission of the program.
- B. Establish measurable objectives which relate directly to goals and allow for attainable results or outcomes.

MVR Response: MVR, through its state and strategic plans, is currently working on an agency wide planning process to review goal setting and performance appraisals. The federal Rehabilitation Services Commission is currently working on a series of bench mark indicators that the states will be required to use in measuring outcomes. In addition, the department itself is working on a series of bench marks that allow for identification of setting outcome based goals and then measuring them accordingly. These federal and state bench marking systems are expected to begin during the next federal fiscal year.

That said, however, the MVR Strategic Plan and our cycle of service contributes a great deal to the concerns of having more tangible measurable goals with objectives governing the

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agency at the broadest level. MVR is an agency that is easily measured because of the outcomes that we and our consumers achieve. The five major goals identified in the Strategic Plan and the basic production requirements of the program will together begin to affectively address these recommendations.

Recommendation #14

We recommend MVR Program management:

- A. Identify what information would be useful to help manage program operations and measure program outcomes.
- B. Develop that information into useful management reports.

MVR Response: MVR continues to move toward an agency wide computer system which will enhance our means of achieving this recommendation. We have also connected with the Montana State University-Billings Rehabilitation Counseling faculty and we are currently having discussions regarding the basis for evaluating the effectiveness of our program. We are currently working with staff at all levels to identify which information would be the most important to them to help manage our program's operations and our outcomes. Our new computer system is helping us tremendously to identify more and better information that will enhance our ability to do a better overall job of program evaluation.

Recommendation #15

We recommend MVR Program management develop performance measures to help assess the success and/or effectiveness of the program, both at the regional and overall state level.

MVR Response: MVR is currently developing performance measures which include case management as well as rehabilitation outcomes so that we can better assess the success and effectiveness of the program. In addition, as was previously mentioned, the Rehabilitation Services Administration is developing a series of eight standards and indicators by which states can evaluate their own individual performance. States that fall below certain performance levels will be required to implement corrective action procedures in conjunction with their partners in the federal government. We hope to have our standards and indicators in place during the next federal fiscal year which begins October 1, 1997.